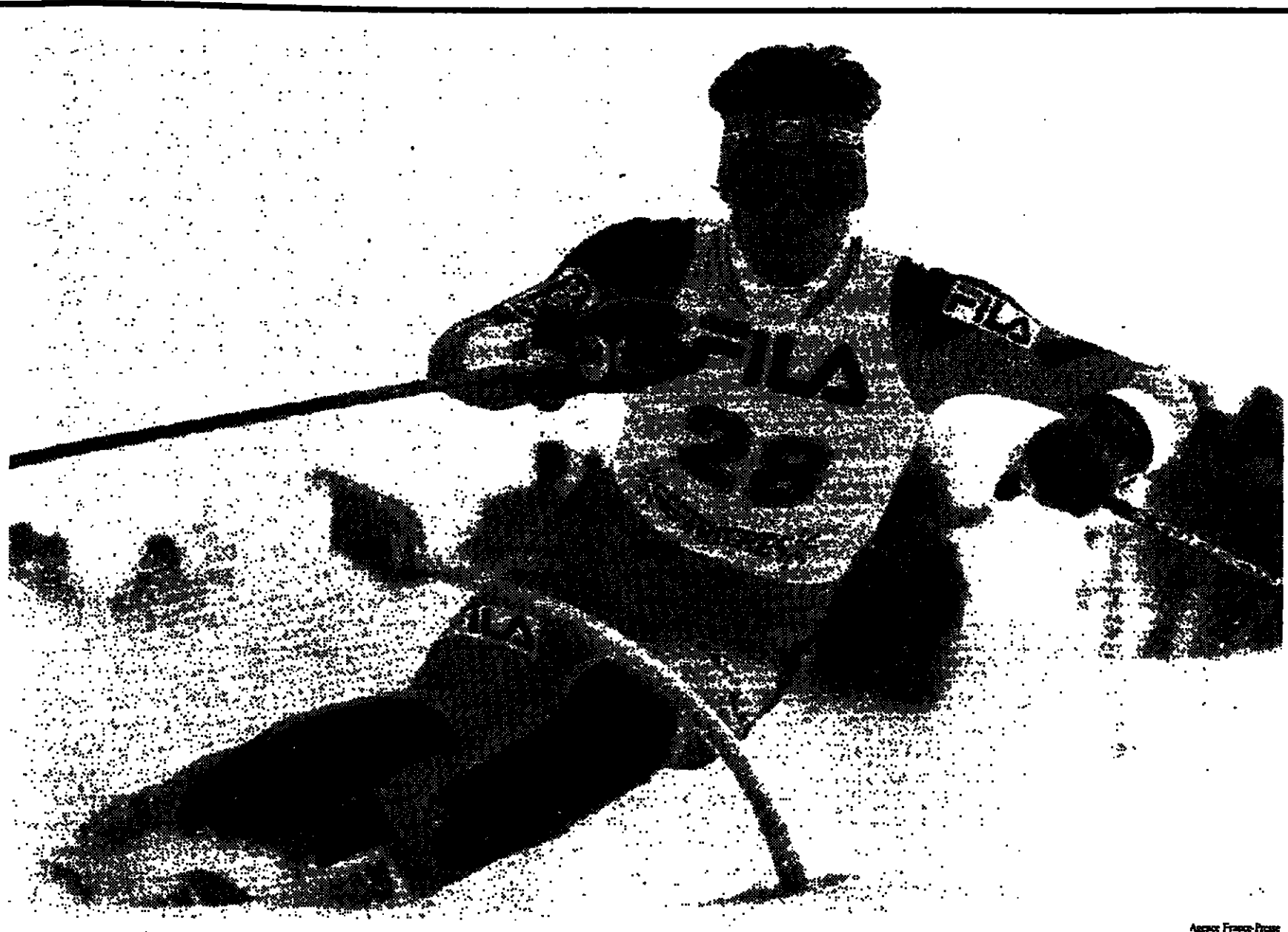


Table with exchange rates for various countries including Australia, Canada, France, Germany, etc.



Tomba Bombs in Italy as Tescari Triumphs in Season's First Slalom. Fabrizio Tescari of Italy negotiating the slalom course in Sestriere, Italy, on Sunday, the second day of the World Cup skiing season.

Israel Torn On Reply To German Nazi Surge

By Clyde Haberman. JERUSALEM — In the last few days, this country has balanced the demands of diplomacy against the anguish of its soul in trying to decide how a Jewish state — the Jewish state — should respond to the neo-Nazi surge in Germany.

Kohl Vows To Step Up War Against Extremists

By Marc Fisher. BERLIN — Chancellor Helmut Kohl said Sunday that Germany was determined to rid itself of its neo-Nazi cancer even as the country struggles to overcome the economic recession and psychological ills that have befallen it since the 1990 reunification of the two Germans.

As Russia Defies the Economic Dark, Politics Looms

By Steven Erlanger. MOSCOW — A year ago, reports from here were full of doom warnings about starvation, destitution, chaos and chaos as the Soviet Union lurched toward its end.

European Regulators Alarmed By Rise in Nuclear Smuggling

By Steve Coll. MUNICH — Investigators looking into a recent rash of European criminal cases involving illicit smuggling and sale of radioactive materials say they have found evidence of thefts from former Soviet and East European nuclear plants, both commercial and military.

Kiosk

Tehran Bought 3 Submarines. TEHRAN (AFP) — Iran will soon receive two more Russian submarines, the country's naval chief said Sunday.

Tokyo Cools It With Clinton

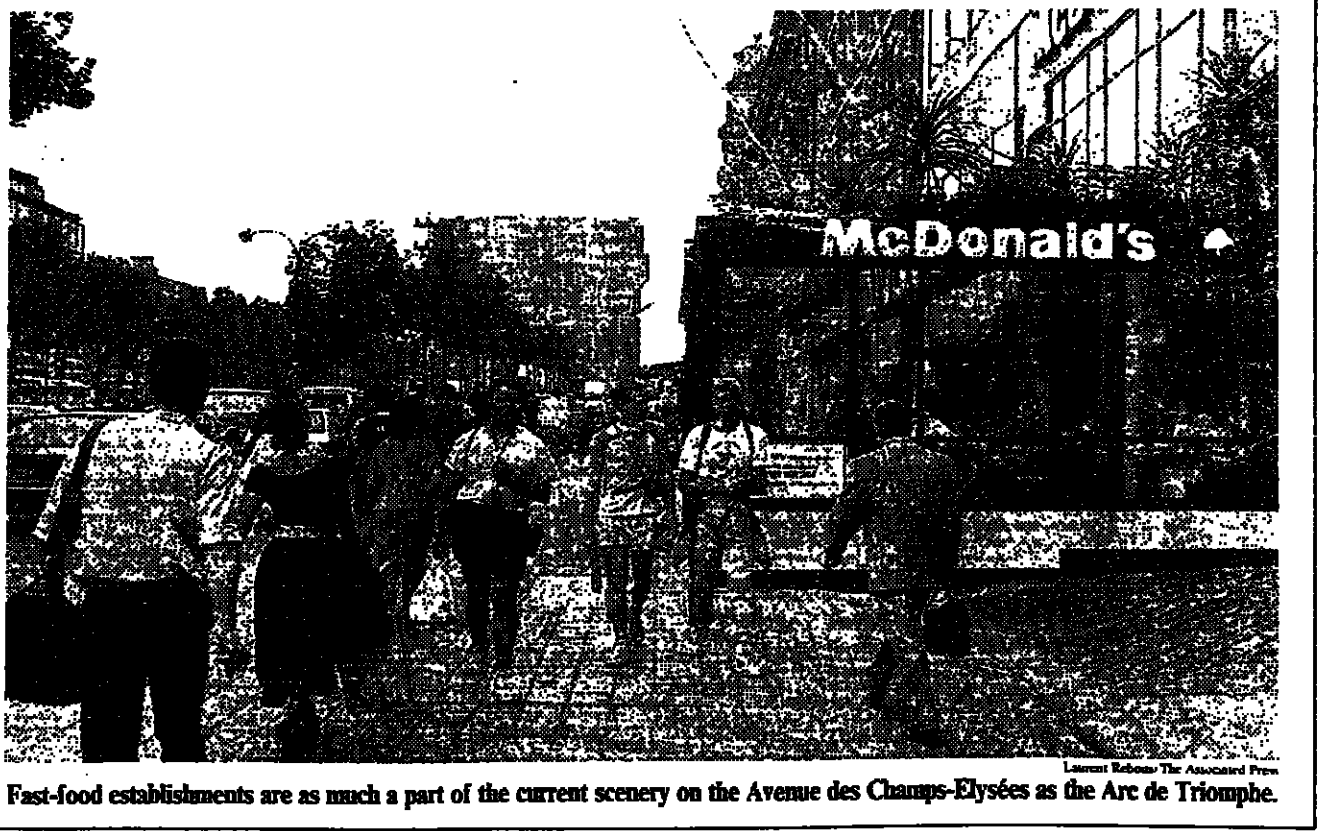
By David E. Sanger. TOKYO — The Japanese government is spreading a quiet message to the hundreds of bureaucrats, businessmen and politicians who hop trans-Pacific flights every week to the United States.

Kohl Rules Out Council Seat Now

BERLIN — Chancellor Helmut Kohl said Sunday that even if Germany were offered a seat on the UN Security Council, it was in no position to accept one.

Reviving Charm of the Champs-Elysées

By Mary Blume. PARIS — The Champs-Elysées, probably the most famous avenue in the world, site of triumphal parades, tacky shops and petty crime, is once again about to be saved.



Fast-food establishments are as much a part of the current scenery on the Avenue des Champs-Élysées as the Arc de Triomphe.

Mystique May Be Gone, but Royals Still Have a Role to Play

Anthony Sampson recently published a study of British society, "The Essential Anatomy of Britain," in which he argues that the nation's democracy is in crisis because of failings in many of its institutions, including the monarchy. He discussed some of the challenges facing the royal family with Barry James of the International Herald Tribune.

Q. Is Queen Elizabeth's offer to pay income tax too little and too late? A. It doesn't change the situation much, although it is a recognition that the royal family and the queen in particular are prepared to become slightly more up to date. But there is a complete contradiction in British attitudes toward the monarchy. On the one hand, people want it to have a sense of mystique and dignity. On the other, the tabloid newspapers have become unleashed into the destruction of the privacy and dignity of the family, which in the end will destroy any mystique that might exist.

Q. Doesn't the collapse of the royal marriages undermine the mystique anyway? A. It is pretty shattering. The problem stems from the way the marriages were presented in the first place. The combination of almost record television audiences together with Victorian pomp produced tremendous expectations of a semireligious kind, which was a great mistake. And now the vengeance is all the greater.

Q. Of the three estates of British government, Commons, Lords and Crown, only the first seems to have any validity. Does this mean that the monarchy no longer has an effective constitutional role? A. People are tempted to think that. I do not think it is true. The monarchy does give a sense of security which is very difficult to define or analyze, but which is very deeply felt by the British people. I was in Washington during Watergate and watched the tremendous insecurity and almost panic of some Americans in the

face of the proposed impeachment of President Nixon. That made me realize that the role of the head of state is psychologically much more significant than people realize.

Q. Is there any reason to keep a hereditary aristocracy in the House of Lords? A. Many people argue that you need the hereditary aristocracy to give support to the monarchy. That's a bit misleading, because a lot of the old aristocrats are contemptuous of the monarchy — they are rivals to it and they regard it as being rather upstart. They have not done much to support it.

Q. Is there any reason for the monarch to remain head of the state church? A. No. This is now particularly absurd. With such a high divorce rate in the royal family, for the monarch to be supposedly embodying this very dignified position in the Church of England really makes no sense at all. It would become quite farcical if Prince Charles had succeeded to the throne and divorced.

Q. If he were to divorce or separate, wouldn't this undermine his hope of succeeding the queen? A. I had an interview with him some years ago in which he did say that the monarchy was a kind of elective institution in that if people don't want it they won't have it. I don't think he will wish to succeed if he doesn't think he has the people behind him. But the British have been able to cope with an amazing range of monarchs, including some pretty unsatisfactory ones.

Q. Is it fair to say that the queen was seen as a counterbalance to Mrs. Thatcher, paradoxically even as the voice of the people? A. I think that is true, and this affects my view of the monarchy. When you see how close Thatcher got to becoming a kind of monarch herself, you realize how important it is to have a continuous monarchy. If the queen hadn't been there, Thatcher's domination would have been much more dangerous. She was already very dominant, and she formalized so many other countervailing forces in the country.

Q. Some members of the royal family, such as the Queen Mother, can do no wrong in the eyes of the public. But some seem parasitical. Should the family be officially restricted to an inner circle? A. This looks like the trend. But such is the royal soap opera — or, if you like, the royal soap opera — that even minor members of royalty still attract enormous media attention. It is not really in the queen's power to diminish that appeal. Nevertheless, I think she has been ineffective at limiting the royal circle.

Q. Would a presidency be as costly? A. It certainly would not be much cheaper. And the role of the royal family in charity work is very significant. Any fund-raiser knows that once you have got even a minor member of the royal family to a party, you are really in the big money.

WORLD BRIEFS

Béregovoy Warns on Farm Protests

PARIS (AP) — Reacting to violence against a U.S.-European pact to cut agricultural subsidies, Prime Minister Pierre Béregovoy says farmers should not risk actions that could end up hurting French exports. "When the protests degenerate into violence — and I strongly condemn them — the images spread around the world do a disservice to our agricultural products and to France," Mr. Béregovoy said in an interview Sunday. "You have everything to lose and nothing to gain," he told French farmers, who are the EC's biggest agricultural exporters and, making up 6 percent of the population, wield significant political power. Farmers have clashed with the police near the U.S. Embassy and other government buildings, blocked highways, occupied a Coca Cola plant and dumped manure and crops outside city halls.

72% in Russia Want to Keep Kurils

TOKYO (AFP) — More than 70 percent of Russians reject Japan's demand for return of the Russian-held southern Kuril Islands, a contentious issue between the two countries, according to an opinion poll published Sunday. The survey, conducted jointly by Japanese and Russian polling agencies in the first half of November, said 84 percent of Japanese respondents supported Tokyo's claims to the islands, while 72 percent of Russians rejected the Japanese claims. On the other hand, 12.3 percent of the Russians approved of returning the islands to Japan, the Jiji news agency said. The agency said the poll had covered 2,000 Japanese adults and 1,500 Russians aged 16 or older. It added that 71.4 percent of the Japanese and 95.1 percent of the Russians had responded to the poll, conducted by Jiji's affiliate Chuo Chosa Co. and the All-Russia Public Opinion Poll Center.

Algeria Vows 'War' on Islamic Front

ALGIERS (AP) — To combat violence nearly a year after legislative elections were canceled, the government promised "total war" on Sunday against supporters of Algeria's main Muslim fundamentalist party. To begin Saturday, a day after an amnesty deadline for militants, the campaign could "limit the liberties" of Algerian residents, Prime Minister Belaid Abdessalam said in official press reports Sunday. He said Algeria would dissolve local and regional governments as well as charity and union organizations sympathizing with the Islamic Salvation Front, whose whose imminent election victory was canceled in January. Even businesses suspected of having links to "destabilizing actions against the state" would be dismantled, Mr. Abdessalam was quoted as saying.

Swedish Opposition Gains in Poll

STOCKHOLM (Reuters) — Swedish voters have lost faith in the government and shifted their support to the opposition Social Democrats since the crown was allowed to float against other currencies, according to an opinion poll published Sunday. The survey by the Sifo polling institute showed that 48 percent of Swedes interviewed said they would vote for the Social Democrats, an increase of 4.1 percentage points from a month ago. The poll was carried out the week before and after the Central Bank floated the crown on Nov. 19, abandoning a key goal of keeping a fixed exchange rate. The survey done on behalf of the daily Svenska Dagbladet also showed an increase in political uncertainty among the nearly 2,000 voters questioned. Up to 13.1 percent of voters were undecided or said they would not vote for any party.

TRAVEL UPDATE

Malaysia Airlines will consult medical experts and study passenger reaction before deciding whether to ban smoking on all its international flights, Transport Minister Ling Liong Sik said Sunday. Air-traffic controllers in Moscow have announced that they will go on strike as of Tuesday, after a failure to reach an agreement with the government on salary and legal matters, the Russian press agency Interfax said. But an air controller spokesman at Sheremetyevo, the main international airport in Moscow, said Saturday that the strike would not affect international flights to and from the capital. **This Week's Holidays** Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays. **MONDAY:** Barbados, Montenegro, Philippines, Serbia, Romania, Serbia. **TUESDAY:** Central African Republic, Chad, Macao, Montenegro, Portugal, Romania, Serbia. **WEDNESDAY:** United Arab Emirates. **THURSDAY:** United Arab Emirates. **SATURDAY:** Haiti. Source: J.P. Morgan, Reuters.

China Decontrols More Food Prices

By Sheryl WuDunn
New York Times Service
BEIJING — In what is seen as a significant step toward freeing prices and creating a more rational market system, the government has announced that it is removing price controls on grain in China's most populous province and on meat and eggs in Beijing. The official Xinhua press agency said consumers in Sichuan Province, which is home to 108 million people, from now on would pay market prices for rice and other staple grain products. In Beijing, beginning Tuesday, employees will have to pay as much as 40 percent more for meat, as well as smaller increases for eggs and vegetables. The Sichuan provincial government's subsidies for grain and other staples cost about \$365 million in each of the last few years, but the lifting of price controls will not alleviate the fiscal burden. Sichuan will now pay a subsidy of 36 cents a month to meat students and urban workers, to defray the cost of the price increases. In Beijing, subsidies for meat, eggs and other staples cost \$181 million last year. Beijing will pay a monthly subsidy of a bit more than \$2 a person to compensate for the new price increases. An official study said the new subsidy was slightly more than the actual increase in costs that the average person will face. Nongovernment workers, however, will probably feel the bite. The announcement Saturday reflects the government's increasing boldness in "doing away with the price subsidies that have been central to Chinese urban life for four decades. In the last few months, a growing number of cities and provinces have canceled subsidies and freed prices, and there are signs that fixed prices for oil, grain and other commodities will soon be freed all across the nation. The lifting of price controls, which are an important element of China's effort to restructure its economy along market lines, suggests that the authorities feel confident that workers will not react violently. Although there has been grumbling, the lack of an angry response underscores China's growing prosperity and willingness to absorb higher prices in exchange for more and better merchandise. The government said two weeks ago that grain coupons would be abandoned throughout the nation in one to three years. That apparently means that in the future, virtually all consumer prices will be at market levels. Rising prices in 1988 contributed to the anger that exploded during the Tiananmen Square democracy movement the following spring. Over the last 18 months, the government has again tried to adjust prices to bring them closer to market levels, and there has been little reaction. Prices of rice, noodles, cooking oil and train tickets have all been raised significantly. The government traditionally issued consumers coupons that would be used to buy foods at fixed state prices, and the change means that Beijing citizens will no longer use coupons for meat or eggs. The only coupons still in use in Beijing will be for grain and cooking oil. In Guangdong Province more than a decade ago, officials discovered that by ending fixed low prices for fish, the supply increased quickly and sharply. This autumn a few provinces, including Anhui in the center of China, abandoned fixed prices for grain without provoking any unrest. On Tuesday, Beijing residents will pay as much as 33 percent more for ordinary pork, or 48 cents a pound, the current price in the free market. Lean-pork prices will rise to 81 cents a pound, up 19 percent, while beef will sell at 60 cents a pound, up 29 percent. The price of eggs will rise only 6 percent to about 70 cents a dozen. The average basic salary for a worker is about \$33 a month.

Disclosure Squeezes Lamont

Compiled by Our Staff From Dispatches

LONDON — The chancellor of the Exchequer, Norman Lamont, faced pressure Sunday to resign in light of disclosures that part of a private legal bill of his had been paid with public funds. The £4,680 (\$7,100) in expenses was incurred 18 months ago when Mr. Lamont evicted a so-called sex therapist from a London residence he owned. "I think undoubtedly he should go," the Labor Party deputy leader, Margaret Beckett, told Sky Television News. "I think it is a serious error of judgment on his part to seek help and an even more serious error of judgment of somebody's part to help him pay it."

Sara Dale, dubbed Miss Whip-lash by the tabloid press, rented Mr. Lamont's house after he moved into his official residence at No. 11 Downing Street, next door to the prime minister, upon becoming chancellor.

He was embarrassed by press reports that his tenant, who was photographed in revealing costume, had been offering "sex-therapy sessions" in the basement. The situation deteriorated when the tabloid News of the World, in April 1991, reported that Miss Dale had turned the home into a sex parlor.

Mr. Lamont had her evicted after that report on the grounds that she had broken the tenancy agreement by using the £500-a-week apartment for business.

He said in a statement released Saturday night that the Treasury Department had decided to pay the amount, which covered "the initial legal cost of issuing an immediate statement and the subsequent costs of handling press inquiries following reports in the News of the World."

The remainder of the £23,100 bill to evict the tenant was paid for by Conservative Party sources, he said in the statement.

The legal bill furor followed a report Thursday that Mr. Lamont had exceeded his credit card limit at National Westminster Bank 22 times in 8 years. (AP, Reuters)



President Boris N. Yeltsin of Russia getting an earful from a delegate to a national congress of intellectuals being held in Moscow.

It's Parliament-Like, but It's Russian

By Serge Schmemmann
New York Times Service

MOSCOW — Elected two and a half years ago but "in a different era and a different country," as one commentator noted, the Congress of People's Deputies, which convenes for the seventh time Tuesday, has become one of the new Russia's most boisterous institutions. Formally, the congress is the highest legislative authority in the Russian Federation. Only the full congress can amend the constitution or adopt a new one. The congress is supposed to meet twice a year. Between its sessions, legislative work is entrusted to a standing parliament, the Supreme Soviet, whose 248 members are named by the congress. As of mid-November,

there were 1,041 deputies to the full congress. Despite external similarities with Western parliaments, the congress is most distinct. For one thing, 86 percent of its members were Communist Party members, and their heritage still heavily colors the proceedings. For another, the congress is really a collection of second-stringers — more ambitious politicians ran for the Soviet parliament, which was disbanded after the failed August 1991 coup. Most deputies would probably not be re-elected.

Finally, the congress has developed in the absence of a democratic tradition. Debate is often unfocused and procedures routinely violated. The speaker, Ruslan I. Khasbulatov, is widely viewed as inept in ramming through votes and playing for power. Experience shows that about 20 percent always support President Boris N. Yeltsin, and about 30 percent always oppose him. The struggle is for the center.

At the current session, the distribution of forces is something like this: **THE "DEMOCRATS"** This is the label normally applied to the successors of Democratic Russia, the bloc of liberals and reformers that brought Mr. Yeltsin to power. The movement has dwindled and fragmented, but its estimated 300 members can be counted on to support Yegor I. Gaidar, the reformist acting prime minister, and his programs. The bloc is called the Coalition

for Reforms. Its major factions are Democratic Russia, whose members include some of the most respected former dissidents, and the Radical Democrats, mostly younger liberals. **THE CENTER** This is the layer to watch. Since the Civic Union was formed in June 1992 out of several centrist groups, it has become the most important opposition to the government. The union generally shares Mr. Gaidar's goal of a market economy and a parliament-presidential form of government, but it seeks a far slower transition and a less Western orientation. Civic Union is not formally registered as a parliamentary faction, but its leaders say they can muster 40 percent of the vote. Arkadi I. Volsky, head of Civic Union, has dubbed it a "constructive opposition," and has said he will not try to topple Mr. Gaidar. But the union demands a considerable say in government personnel and policy in exchange for its support.

The main components of Civic Union: the Russian Union of Industrialists and Entrepreneurs, mostly managers from the state sector, led by Mr. Volsky; the Democratic Party of Russia, a national party formed by an ambitious worker, Nikolai Travkin, and the Free Russia party, led by Vice President Alexander V. Rutskoi, which stresses patriotism. In the congress, Civic Union has the formal support of five factions: the Workers Union of Russia, Smena-Nov Politics, the Industrial Union, Sovereignty and Equality, and the faction of "independent deputies." The first three form a bloc called the Creative Forces.

THE REACTIONARIES The hard-line Communists and nationalists who routinely oppose Mr. Yeltsin and Mr. Gaidar are grouped in a bloc called Russian Unity. Its goals include restoring socialism and a powerful state. Russian Unity can probably draw on a third of the deputies. Its major factions include the "Rusgia" grouping, which is led by Sergei Baburin, a former law professor and the most prominent spokesman for the hard-liners; Civic Society, which is not to be confused with Civic Union; Fatherland, which includes several former high-ranking military and KGB officers; the Agrarian Union, which groups state-farm officials, and Communists of Russia, one of several communist formations. Many of the deputies in Russian Unity are also in the new National Salvation Front, a coalition of the extreme left and right that was formed last month and then promptly but ineffectively banned by Mr. Yeltsin.

THE SPEAKER Mr. Khasbulatov, 50, qualifies as a force of his own. He is a native of Chechnya in southern Russia and was virtually unknown before he was elected to the Russian legislature in 1990. He was initially an ardent Yeltsinite. Mr. Khasbulatov seeks to expand the powers of the legislature — and its speaker — at the expense of the president and prime minister. But he generally steers the congress away from serious attempts to topple Mr. Yeltsin or the government, since that would probably prompt the president to disband the congress, thus putting Mr. Khasbulatov out of power.

NUCLEAR: Alarm Grows in Europe Over Rise in Nuclear Smuggling

(Continued from page 1)

for serious concern. European nuclear regulators say. Some radioactive materials seized in the recent arrests appear to have come from former East bloc military installations, according to Joachim Fechner, the German Environment Ministry official responsible for evaluating the smuggling cases. This material, mainly cesium, is not related to nuclear weapons but has been distributed to military compounds in Eastern Europe and the former Soviet Union for use in nuclear decontamination exercises, Mr. Fechner said.

Evidence gathered by policemen and German intelligence officials contains hints that "some high military officers" from the former East bloc may be involved in the smuggling. Mr. Fechner said. But he and other officials said they still had no concrete proof of such involvement, nor evidence suggesting that smugglers have penetrated major nuclear weapons installations in the former Soviet Union, such as the ones that store missiles and warheads. Other radioactive material confiscated from those arrested, mainly highly enriched uranium, has been traced to specific designs of commercial nuclear reactors in Romania and the former Soviet Union, several investigators said.

The smugglers "will deal with anything — drugs, cigarettes, nuclear materials — it's all the same to them," said Friedrich Palmer, chief of customs enforcement in Bavaria, where about a dozen people have been arrested on nuclear smuggling charges in the last six weeks. Senator Sam Nunn, Democrat of Georgia, who recently returned from a trip to the former Soviet

Union, said in Washington last week that officials in Belarus disclosed that they had recently thwarted efforts to smuggle uranium into Poland. Mr. Nunn said the disclosure "leads to the question of whether there have been shipments that have gotten through of uranium, and highly enriched uranium, which could be used in weapons."

Another concern is that several of the nuclear smuggling cases have involved businessmen who claimed they had access to large amounts of nuclear materials and to a variety of conventional weaponry. Although the larger of these claims have proved unfounded when investigated by the police, there are apparently some cases in alleged nuclear smugglers have been trading illicitly in conventional arms. Moreover, investigators have turned up clear evidence that some nuclear smugglers have links to such nonmilitary organized crimes as heroin trafficking and the profitable smuggling of cigarettes from Eastern Europe and Russia into the European Community. The cases uncovered so far frequently border on the bizarre. Those arrested include a Roman

Catholic priest accused of using a fax machine in his small parish in Germany to run a military procurement operation for the Croatian government and a British businessman formerly involved in the Eilat civil war who reportedly claimed exaggerated connections with Middle Eastern governments. Regulators in Europe and at the International Atomic Energy Agency, which is also looking into the smuggling cases, emphasize that the kinds of radioactive materials turning up so far do not yet justify fears of a renegade government or terrorist group being able to buy a nuclear weapon on the black market.

In the cases involving uranium, some of the amounts seized have been significant, but the level of enrichment has been far below what would be necessary for a nuclear weapon. Nonetheless, depending on the kind of uranium involved and how many steps of the nuclear fuel cycle it has been through, uranium of the sort being seized in the smuggling cases could prove useful to a nuclear bomb manufacturer if acquired in large enough quantities.

TRANSITION / THE PEROT FACTOR - 1996

★ POLITICAL NOTES ★

Clinton Urged to Redefine Intelligence Needs

WASHINGTON — Congressional Democrats who advise President-elect Bill Clinton say he will need a more complete and timely analysis of the messy problems of civil wars, ethnic conflicts and economic competitiveness. Although in 1990 CIA analysts correctly predicted the ethnic turmoil that would result from the breakup of Yugoslavia, for example, the first reports of Serbian death camps were reported in August not by covert operators on the ground but by Newswatch.

"The Clinton administration will be faced with a number of serious diplomatic challenges early on that will require more timely, objective and relevant intelligence," said Representative Dave McCurdy, the Oklahoma Democrat who is chairman of the House Permanent Select Committee on Intelligence. "The Bosnians and the Somalis will be the rule rather than the exception in foreign policy, and that requires a different focus."

To meet those needs, Mr. McCurdy and other influential Democrats say that Mr. Clinton will have to redefine his intelligence needs. At the moment, policymakers bombard the CIA and other intelligence agencies with across-the-board requests, from the big issues like North Korea's nuclear threat to minutiae, like the length of a Somalius airstrip or the size and location of an Albanian exodus. Democrats also recommend that Mr. Clinton place greater emphasis on reporting from spies on the ground and on analysis of publicly available information. "A satellite photograph cannot detect the actions of a terrorist making explosive devices in an abandoned building," Senator David L. Boren, the Oklahoma Democrat who is chairman of the Senate Select Committee on Intelligence, wrote recently in Foreign Affairs.

Mr. Clinton has chosen two longtime Capitol Hill aides to handle intelligence issues during the transition: George J. Tenet, the staff director for the Senate intelligence committee, and John G. Keliher, his counterpart in the House. Both men played important roles in developing legislation introduced by their committees earlier this year to reorganize the U.S. intelligence agencies. More important, they enjoy the respect of Congress and the intelligence bureaucrats.

Mr. Clinton has given no hint of his choice for the next director of central intelligence. Mr. McCurdy and Mr. Boren have urged the president-elect not to rush to push Robert M. Gates out of what is supposed to be a nonpolitical job.

"I didn't support him when he came in, but I've come around," Mr. McCurdy said. "Gates has tried very hard." (NYT)

New Women Senators Scorn Judiciary Panel

WASHINGTON — The Senate Judiciary Committee, decided since the Clarence Thomas-Anita F. Hill hearings and attacked in the campaigns of female candidates, has been scorned anew. It turns out that none of the women elected to the Senate on Nov. 3 wants to serve on the committee they ran against.

Because Senate leaders recoil at the idea of another nationally televised Supreme Court nomination reminding the country of the overwhelming whiteness and maleness of the Senate, some sort of deal is likely to be made. One possibility could involve giving a seat on the Appropriations Committee to whichever female senator will take the Judiciary Committee.

In the meantime, Judiciary Committee staff members, still smarting from the criticism the committee has received, find it ironic, even hypocritical, that newly elected women senators are resisting the committee. "Why can't they put their money where their mouth is?" asked a counsel for a committee member.

And it is not as if the chairman, Joseph R. Biden Jr., Democrat of Delaware, has not been trying. After her victory in the Democratic Senate primary in California, Representative Barbara Boxer received a dozen red roses, hand-delivered by Mr. Biden with a note saying, "Welcome to the Senate Judiciary Committee."

He continued to woo her and the others, campaigning for them in their states and, most recently, cosponsoring Dianne Feinstein, another new Democratic senator from California, at a party for Mr. Clinton at the Washington home of Pamela Harriman.

But Mr. Biden apparently has not done enough. None of the women is making the committee a priority in requests to the Senate leadership, although some have not ruled it out as part of a deal.

All the women made the committee an issue in their campaigns. A month after the October 1991 Thomas-Hill hearings, for example, Representative Boxer ran a commercial that opened with a shot of the panel and a close-up of Senator Strom Thurmond, Republican of South Carolina, who turns 90 on Dec. 5. "It hit me how out of step the Senate is, how out of touch they are," she said. (WFP)

Packwood Ready to Aid Probe of Conduct

WASHINGTON — Senator Bob Packwood says he will request and cooperate in an ethics committee investigation of his treatment of female staff members and lobbyists who said he made unwanted sexual advances toward them. He also said he would seek counseling for what he described as his "problems" with alcohol.

The decision by Mr. Packwood, 60, Republican of Oregon, issued in a statement by his Oregon office, was made after a half-dozen women's rights groups urged a Senate ethics probe into his conduct. In Los Angeles, Gloria Allred, president of the Women's Equal Rights Legal Defense and Education Fund, said she had written to the Select Committee on Ethics and asked for a "full, fair and prompt inquiry into this scandal." (WFP)

Quote-Unquote

Senator Packwood, in a statement in response to the charges against him: "Upon reflection, I realize I have problems and will seek professional advice in connection with my use of alcohol." (WFP)
Betty Roberts, spokeswoman for a coalition of Oregon groups that seeks his resignation: "The statement is not adequate." (WFP)

Away From Politics

- The landing gear of a Mexican Airlines Airbus 320 collapsed as it rolled toward takeoff at Los Angeles International Airport with 150 passengers aboard. The pilot brought the plane to a stop, and no one was injured, officials said. The plane was bound for Mexico City.
- A bureaucratic tangle in federal aid regulations has tied up \$60 million intended to rebuild apartments destroyed or damaged by the hurricane in Florida.
- The two beagle whales that died a month after arriving at the John G. Shedd Aquarium in Chicago were probably killed by a reaction to an anti-parasitic medication, the aquarium said.
- The mayor of Passaic, New Jersey, Joseph Lipari, was convicted on five U.S. tax charges and two counts of conspiracy for extorting a \$150,000 kickback from a man doing business with the city.
- A Titan IV rocket carrying a secret government payload was launched at Vandenberg Air Force Base, California, officials said.
- The New York state energy commissioner has asked oil companies and gasoline retailers in the New York City area and on Long Island to explain larger-than-expected price increases for cleaner-burning gasoline that went on sale in November under new state regulations intended to reduce air pollution.

AP, NYT

Venezuela Leader Admits Errors but Will Not Resign

Compiled by One Staff From Dispatches
CARACAS — President Carlos Andrés Pérez said in a broadcast speech on Sunday, after the second coup attempt against him this year, that he had no intention of resigning.

"That is something which I have never been prepared to do and am not prepared to do," he said.

Mr. Pérez, who was elected in 1989 to a five-year term, acknowledged that his government had committed errors since taking power and had not convinced Venezuelans of the need for economic reforms he put into effect.

But he said this did not justify the violence of the uprising, in which about 170 people were killed and many others wounded.

Also, at least 100 prisoners were killed during the coup attempt and its aftermath when they tried to escape from the Catia prison in the capital, according to the governor of Caracas, Antonio Ledezma.

In a statement on Sunday, Defense Minister Ivan Jiménez Sánchez identified 10 senior members of the armed forces who he said were behind the coup attempt.

He identified the most senior members of the coup leadership as Rear Admiral Hernán Gruber Ordeman, Brigadier General Francisco Visconti of the air force, who has fled to Peru, and Rear Admiral Luis Cabrera Aguirre.

Officials said about 1,300 participants in the uprising had been detained. (Reuters, AFP)



Mr. Clinton trying his hand at volleyball in Santa Barbara, California. He found the game while jogging.

Republicans Prepare for Filibusters

By Paul F. Horvitz
WASHINGTON — The filibuster, a legislative tactic used by the minority to delay a vote by the majority, could become a preferred Republican tool during the Clinton presidency, Senator Bob Dole, the Senate minority leader, indicated Sunday.

Its use could frustrate the incoming Democrat, Bill Clinton, whose campaign laid out an ambitious agenda for Congress amid public anger at partisan bickering in Washington.

Under Senate rules, Mr. Dole, a Republican from Kansas, will need 41 of the 100 Senate votes to prevent a bill from coming to a vote. Republicans will hold 43 votes in the new Senate, to the Democrats' 57.

Mr. Dole said in a television interview that he could foresee Republican-led filibusters on at least two issues — legislation to bar companies from permanently replacing workers who are on strike and any measure that would hold senators to different campaign finance limitations from those for

members of the House of Representatives. The striker-replacement bill is being pushed by organized labor, and the two parties have long been at odds over campaign finance reform.

In a filibuster, once senators favoring a bill fail to muster the 60 votes needed to end debate, opponents often talk around the clock to delay action on the measure. The tactic is used so frequently that many senators simply direct a memo to the leadership stating a filibuster is imminent; that either prevents the bill from coming to the Senate floor in the first place, or results in a compromise.

Depending on one's point of view, a Republican-led filibuster could be labeled partisan obstructionism — gridlock. Or it could be seen as an unpleasant but necessary means of preventing Democrats from railroading legislation through Congress with a Democratic president willing to sign it into law.

Mr. Clinton, meantime, prepared to return to his office in Little Rock, Arkansas, on Monday

after a four-day vacation in California. He is expected to begin announcing cabinet officials early in December, and is likely to name a Treasury secretary in advance of a Dec. 14-15 economic conference with business, labor and consumer leaders. Mr. Clinton will take office Jan. 20.

Loser's Voters Already Wooed Clinton Team Sees Perot's Backers as Crucial

By Thomas L. Friedman
New York Times Service

WASHINGTON — Just as Ross Perot managed to reshape the 1992 presidential campaign merely by hovering around its edges, his shadow is now influencing the emerging strategy of the Clinton administration.

Mr. Perot is back in Texas, quiet for the moment, and the potential power of his supporters, who are reorganizing, is still uncertain. But aides to President-elect Bill Clinton are well aware that one in five voters chose Mr. Perot, whose backers have warned that they intend to lobby the Clinton White House for their programs.

With that in mind, Mr. Clinton's team is tailoring parts of its public relations and governing strategy to win them over.

"I can't believe I am talking about 1996 before Governor Clinton has even been inaugurated," said his communications director, George Stephanopoulos, "but assuming that 1996 will be a two-person race, then the Perot voters will be central to that election. They have to be part of our thinking. They will be the difference between winning and losing."

Considering that Mr. Clinton got 43 percent of the vote, President George Bush 39 percent and Mr. Perot 19 percent, said David Wilhelm, director of political affairs for the Clinton transition team, "it is an important political objective of ours to reach out to those folks in the coming months."

Reaching them, though, may not be easy, because Clinton and Perot advisers have different views about how to attract the Perot constituency — the hard-core followers who are trying to create a political organization, as well as the millions of sympathizers whose political affiliations are uncertain.

Clinton aides say that to transform those voters into Clinton supporters in four years, the president-elect will use a variety of Perot-style techniques, from town hall meetings to toll-free phone numbers, to appeal to their demand for unmediated, direct contact with decisionmakers.

His aides say that Mr. Clinton will also heavily stress issues that appeal to the hunger of Perot voters to "clean up the mess in Washington" — such as overhauling cam-

paign finance laws and limiting special-interest lobbying.

Mr. Clinton wants to adopt some of these techniques and tackle some of these issues for his own reasons, partly to get around the press and partly because the issues are ones he cares about. But they are being given added attention because of the Perot factor, aides say.

Although Mr. Clinton intends to focus on reducing the deficit and national debt, Mr. Perot's primary issues, he is still open to the possibility of increasing the deficit in the short term in order to stimulate the economy, and seems uncertain about how quickly and deeply he intends to cut the national debt.

But the Clinton team believes that for Perot voters these issues are symbols of the mess in Washington. They say they can avoid taking them on immediately, provided they convey a sense that they are energetically and effectively addressing such national problems as health care, job growth or welfare.

Mr. Perot's supporters strongly disagree with the president-elect's advisers. They contend that the \$4 trillion national debt and the large deficit are not just symbols of government in gridlock. They view those problems almost theologically — like elements of a looming apocalypse.

"You can't pay them off just by going after lobbyists or the Japanese," said James Squires, Mr. Perot's former spokesman. "You have to go after the deficit and debt."

For a Texas Senator, A Home at 50% Off

By Jeff Gerth and Dean Baquet
New York Times Service

WASHINGTON — Senator Phil Gramm, a leading member of the Senate Banking Committee, helped guide a troubled Dallas savings and loan operator in dealings with U.S. regulators one year after the executive had picked up nearly half of about \$117,000 worth of building expenses on the Texas Republican's waterfront vacation home in Maryland.

In 1987, Jerry D. Stiles, then a prominent home-builder and developer in the Dallas area, took on a project for Mr. Gramm and his wife, who had bought more than 35 acres (14 hectares) on a remote part of Maryland's Eastern Shore and needed a contractor to finish construction on the shell of a two-story house.

Mr. Stiles also owned three Texas savings and loans, which later failed and which regulators say will cost taxpayers more than \$200 million.

Mr. Stiles assembled a crew of workers in Texas, led by a skilled craftsman, and flew them to Maryland. There, lodged in hotels, they worked for a few months to finish the Gramms' 2,815-square-foot house along the banks of the Honga River.

In constructing the interior of the house, Mr. Stiles advanced the \$117,000 — interest free — for labor, materials and travel expenses that the job was said to have finally cost. But he never billed the senator for anything until three months after the work was finished, and then he asked for only \$63,000 — the maximum that Mr. Gramm had told Mr. Stiles he was willing to pay.

At least two U.S. agencies, including the FBI, examined the relationship between the senator and Mr. Stiles in 1989 and 1990, according to documents and interviews. But the government decided not to investigate further, partly because the Senate Select Committee on Ethics subsequently decided in January 1990 that the senator had not unethically accepted something from Mr. Stiles and did not owe him any money.

Both he and Mr. Stiles have described the extra expenses to Senate investigators as a cost overrun that Mr. Stiles willingly assumed.

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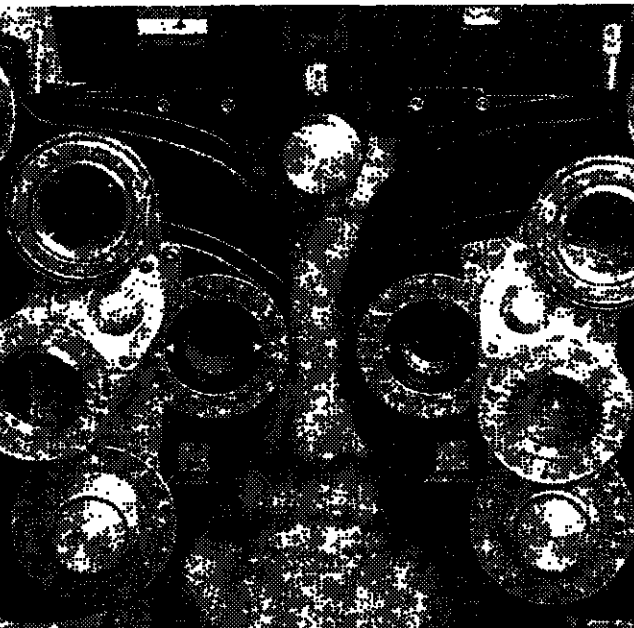
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Yes, Troops to Somalia

George Bush's decision to offer U.S. military ground troops as part of a United Nations plan to protect relief operations in Somalia is the kind of strong action warranted by the circumstances. To sit back and allow Somalia's rival warlords and armed teenage marauders to divert critically needed food and medicine from their proper destination consigns thousands of sick and starving Somalis to slow death. If ever there was a strong case for humanitarian military intervention in behalf of the helpless, it can be found in Somalia. While an estimated 300,000 people have already died, and 2 million more may reach the brink of starvation, ruthless gunmen have been making their living from looting. Last week a famine relief plane was attacked, and United Nations officials on the ground were forced to flee. In one Somali port, aid shipments have had to be stopped altogether, and in another fighting among rival gunmen has left food sitting uselessly offshore. By one UN estimate, only 20 percent of the massive international relief shipments are getting through. The rest is consumed by clans or sold outside the country for arms. The 500 Pakistani troops deployed in Somalia under the UN flag are no match for the flourishing anarchy. As Stephen Tomlin, director of the International Medical Corps, told The Associated Press: "Now UN soldiers can only fire back. So if you have a 16-year-old kid wearing an I AM THE BOSS T-shirt sticking an AK-47 up your nose, you cannot return fire or defend yourself until your head is blown off. And we have people sticking guns up our noses all the time." This is why the international force must be augmented. The Pentagon expects any U.S. troops committed in Somalia to face more advantageous circumstances than UN forces face in Bosnia, where the factions are far better armed and organized and operate in heavily forested terrain. Nonetheless, the Bush administration is wise to condition American participation on the involvement of a multinational coalition. It makes sense, too, to keep U.S. forces under U.S. command. The larger question of what is to be done for the country after it is taken back from the gunmen eventually will have to be addressed. This will be the task of Somalis dedicated to reconciliation, and some officials at the United Nations are recommending an early start in organizing a new Somali administrative and political regime. The difficulties, however, are formidable. The immediate priority is to start the feeding again. Relief cannot be made conditional on a political process so torn and weak as Somalia's. —THE WASHINGTON POST.

Plan for Haitian Refugees

Bill Clinton's promise to ease the Bush administration's punitive policies toward Haitian refugees has raised excessive expectations in Haiti and excessive fears in America. All the president-elect proposes is to return to traditional interpretations of international practice and U.S. law, assuring Haitians who claim political persecution a fair hearing. That is only decency, not reckless generosity. The new administration is not about to open America's doors to every Haitian seeking a better life. It merely intends to abandon the Bush policy of turning back Haitian boats on the high seas without giving their occupants a chance to demonstrate legitimate claims to asylum. The new approach will burden American facilities and resources. But with prompt planning the load can be managed. Departures from Haiti are up already and could soar even before inauguration day if the Supreme Court strikes down George Bush's authorization of preemptive interceptions. Clinton spokesmen talk of carrying out asylum interviews in other countries on a shipboard. That seems unrealistic. No other countries in the region have been willing to admit large numbers of Haitians, even temporarily. U.S. Coast Guard and Navy ships cannot accommodate large groups awaiting processing for long periods. That leaves American bases like the one at Guantanamo Bay, supplemented by scattered-site facilities on the U.S. mainland. Without a major change in Haiti's political situation, applicants could number 100,000 or more. Judging from interviews at Guantanamo earlier this year, only about a third will pass initial screening. Most of those will eventually qualify for something called Temporary Protected Status — revocable in theory should repression in Haiti ease. Diplomatic efforts to restore Jean-Bertrand Aristide, deposed as president 14 months ago, are now stalemated. A regional economic embargo has been too porous to exert real pressure. And the Organization of American States has hesitated to apply tougher measures. That leaves scope for a Clinton administration to increase diplomatic pressure on the Haitian military, the real power behind Prime Minister Marc Bazin. It could lean on European and other allies to join the Western Hemisphere's embargo. It could use the navy and coast guard to tighten Clinton's policy. And it could restrict the travel and economic privileges of close collaborators with the Haitian dictatorship when they come to the United States. None of this is guaranteed to produce quick results, given the bitterness of the Haitian quarrel and the reluctance on all sides to compromise. Meanwhile, it is time to begin preparing for the inevitable increase in refugees. —THE NEW YORK TIMES.

Cuba 59, United States 3

It is odd for the United States once again to find itself the target of one of those gross General Assembly majorities that did so much to give the United Nations a bad name in Cold War times. But there it was last week with only two others for (Israel, Romania), 59 against and 79 abstaining, the 59 as well as the 79 including allies and close friends. The resolution called for an end to the 30-year American embargo against Communist Cuba. The result was nonbinding, but it certainly suggests that on this issue Washington is isolated practically as never before. The General Assembly was wrapping up a sequence that had begun in the American presidential campaign. Appealing to Florida's Cuban exiles, candidate Bill Clinton had crudely promised to "put the hammer down on Fidel Castro" by endorsing the Cuban Democracy Act. Up to that point, George Bush had hinged back on this bill, realizing that it would go beyond barring American companies from trading with Cuba and, in a foolish extraterritorial reach, would also bar their foreign subsidiaries. Once Mr. Clinton upped the ante, however, President Bush let the legislation pass. A shrewd Fidel Castro seized on the language on foreign subsidiaries, ran up the banner of Third World nationalism and carried off the lopsided assembly vote. There was another factor. Cuba is, as it should be, under continuing UN scrutiny as a human rights violator. The latest UN report on this subject also came out last week. Unfortunately, in the secretariat as in the membership there is a tendency to blame Cuban rights violations not so much on Fidel Castro for committing them as on the U.S. government for keeping Cuba under "hostile" pressure. The notion that the Cuban dictator would be more democratic if the Americans let him is frivolous. Nonetheless, the latest report calls sanctions "totally counterproductive if it is the international community's intention to improve the human rights situation." Sound policy seeks to put Cuba under pressure to democratize but at the same time to expand contacts that advance peaceful change. Thus does the Cuban Democracy Act, representing the 1992 model of American diplomacy for these ends, curb trade even while it widens telephone and mail communication. The trouble is that it curbs trade imprudently. That is how the UN vote against the American embargo came about. Mr. Clinton had an indirect hand in producing this result. He will have the opportunity to consider changing it. —THE WASHINGTON POST.

Other Comment

Russia Is Making Progress

It would be wrong to conclude that Russia is doomed. Many policies — monetary policy in particular — are going spectacularly badly. Yet Russia enters this dangerous period with some real advantages. For all the hard words, Russia is not facing the immediate prospect of a coup. There is little popular support for ending reform. Other ex-Soviet republics that shied away from reform as Russia plunged ahead — notably Ukraine — have seen living standards fall even further (than Russia's). Russia's reforms have undoubtedly brought hardship, but the lengthening bread queues in Ukraine have shortened people's patience with the anti-reform lobby. In some ways the reforms are already producing worthwhile results. They have shifted economic powers decisively from the Kremlin to the regions, without — so far, at any rate — posing any real threat to the unity of Russia. Microeconomic reforms are going rather better than most people believe. Thanks to the privatization of shops, restaurants and other small businesses, one-fifth of Russia's work force is now employed in the private sector. Sales of the bigger bits of Russian industry go more slowly, but the government has created the conditions for a huge clear-out of state assets over the next six months. Privatization has become all but irreversible. None of this will count for much if Russia succumbs to hyperinflation. The West can help by keeping up the flow of assistance. The most damaging thing the West could do is to starve Russia of new foreign capital while insisting that it pays its debts. Reform is not dead. Russia can still be saved from hyperinflation. But the West also needs to keep its mind on the job. —The Economist (London).

How an Allied Coalition Could Beat Serbia

By George Kenney and Michael J. Dugan

WASHINGTON — Here is how the Balkan crisis may unfold. It is late January 1993. President Bill Clinton decides it is in the American security interest to oppose Serbian aggression in the Balkans with force. In particular to permit the Bosnians to defend themselves. His advisers believe there is a third option beyond the choices that former President George Bush claimed he faced — either doing nothing or sending in hundreds of thousands of ground troops. Mr. Clinton's advisers develop a three-step plan based on the use of American competitive advantages. The first step is coalition building. The United States should not act unilaterally — that was the mistake it made in Vietnam — yet the United Nations Security Council is deadlocked on the use of force, as is NATO. A coalition is possible only through ad hoc arrangements. Three allies, Britain, France and Italy, must be included; they provide staging bases and a limited number of air, naval and ground forces which support a U.S.-dominated air power operation. The coalition arms and trains Bosnian forces, who conduct unconventional operations on the ground to recover their country. Mr. Clinton persuades several allies to agree to this plan. Here, Russia is a key player. Were Russia to disapprove at the start, the coalition would still keep it fully informed, while leaving the door open for cooperation. There is reason to believe that Russia could be talked into participating. It has a natural interest in being seen as a player on the world stage in this peacekeeping effort. The second step is ensuring coordination with UN operations and deliveries of humanitarian relief. UN personnel become Serbian targets, so the United Nations suspends its convoys. The UN operations are thus subordinated to larger war aims. But with the coalition's support the armed Bosnians are as able as the United Nations to deliver aid. In addition, the United States drops food packages on refugee areas from planes flying above ground fire. Bosnian forces create "safe haven" areas, which help prevent the depopulation of Bosnia and save tens of thousands of lives. The havens also keep hundreds of thousands of refugees out of Western Europe. The third step is active belligerency, in two phases: first, destroying Serbian forces in Bosnia; and second, using concentrated force against Serbia itself. In phase one the United States uses AWACS aircraft and F-15 fighters to establish viable allied air supremacy over all the territory of the former Yugoslavia. Next, Serbian heavy artillery and armored units in Bosnia are prime targets for air strikes. British and French infiltration teams deploy anti-battery radar to locate Serbian artillery positions near areas under siege. From bases in Italy and from one carrier in the Adriatic, U.S. F-15s, F-16s, F-18s and F-111s systematically neutralize the Serbian artillery units with precision-guided bombs and missiles. Using the Joint Surveillance Target Attack Radar System (J-STARS), or other sophisticated monitoring systems, the United States finds Serbian armored units; fighter aircraft destroy them. Where necessary, A-10 ground-attack aircraft help escort Bosnian convoys carrying relief supplies. Lacking heavy weapons and facing a resurgent Bosnian force, Serbian forces begin to fall back. At this point, the Serbian government in Belgrade could either up the ante or back off. Desperation, however, may drive the Serbs to test the coalition's resolve by sending new forces into Bosnia from bases in Serbia and Montenegro, by renewing the conflict in Croatia, or by starting a diversionary war in Kosovo, or any combination of the above. Such action would prompt phase two: U.S. aircraft and Tomahawk missiles destroy centers of gravity in Serbia. The coalition instructs Serbian troops to stay in their barracks; if they do not, the coalition tracks their movements and hits them with air strikes. Technology using carbon-fiber strands can render useless Serbia's electricity grid, without destroying it, so that once hostilities cease power may be restored.

Other technology can turn petroleum products in refineries and storage tanks into useless jelly, without destroying the facilities. The coalition destroys Serbian communication installations. At the same time it takes over Serbian airwaves to make its intentions to end the war clear to the Serbian people. That is a war the Serbs cannot win. Such an operation need not involve huge forces. This would be a joint air force-navy operation of moderate difficulty. The United States would need, approximately: one carrier battle group with about 60 aircraft in the Adriatic; plus three AWACS, one J-STARS, five to 10 KC-135 tankers, 24 A-10s, 24 F-15s, 18 F-111s and 24 F-16s with assorted standoff and precision-guided weapons. The operation would not be free, but U.S. costs in blood and treasure would be modest compared with the Bosnian trauma. Moreover, there are indications that, if asked, Saudi Arabia would be willing to consider paying a substantial share of these costs. Other states would also likely contribute. A win in the Balkans would establish U.S. leadership in the post-Cold War world in a way that Operation Desert Storm never could. Mr. Kenney is a consultant to the Carnegie Endowment for International Peace. Mr. Dugan is a retired U.S. Air Force general and former chief of staff. They contributed this comment to The New York Times.

A Massive Violation of Human Rights

By Tadeusz Mazowiecki

NEW YORK — As a special rapporteur for the United Nations Commission on Human Rights, I have witnessed with horror the massive violation of human rights in Bosnia-Herzegovina. Despite the presence of international officials and UN troops, the carnage continues. This was the substance of my report last Wednesday to the United Nations. The situation cries out for international action to save lives while we still can. But the United Nations can act only if it has the support of its member states. Nothing can excuse the contempt for human life and human dignity, the acts of violence and the disrespect for the most fundamental rights of human beings. These vile words "ethnic cleansing" are not simply the outcome. They are clearly the goal of those conducting this war. For this reason the actions of the Serbian nationalists pose a direct threat to the whole concept of human rights everywhere. The collected evidence leaves no doubt as to who is responsible for the horror: the Serbian political and military leaders in Bosnia-Herzegovina, supported by the authorities of Serbia. The terrible suffering of the civilian popula-

tions, particularly the Muslims in Bosnia-Herzegovina, calls for coordinated action. Those held in detention camps must be freed and the camps must be closed. But before even this can happen, the international Red Cross needs assurances from countries willing to receive these refugees. There are too few such offers. But first it is imperative to establish safety areas in Bosnia-Herzegovina under the control of UN troops. This would be only a provisional solution; but it is essential for the saving of lives. There is also an urgent need for corridors to deliver humanitarian aid to besieged villages and regions. The situation is rapidly deteriorating, despite the determined efforts of many individuals. I would particularly like to mention the role of the international press. For several months, at the risk of their lives, journalists from all over the world have revealed the truth. The mobilization of world public opinion in defense of human rights is our best hope of bringing this tragedy to an end. I hope it will encourage our governments and the United Nations to take the measures so desperately needed. The writer, a former prime minister of Poland, contributed this comment to The Washington Post.

Germany: Change the Slogan to 'Foreigners In!'

By Christoph Bertram

HAMBURG — After the killing on Nov. 22 of three Turks in Mölln, a little town north of here, the vast majority of Germans share the outrage of the civilized world against the right-wing violence in their country. Politicians, the police and the public have finally been jolted into action, and there is a good chance that justice will be done in Mölln. But all that will not be enough to counter the snarling rallying cry of the neo-Nazi bullies, "Foreigners out!"

adequate to the mixed society of today. As a result, foreigners in Germany live a halfway-house existence. Those who want to become fully integrated feel constant rejection; others refuse even to make the effort because it is without reward. And when right-wing violence erupts, as it has in the past months, fear spreads rapidly through the foreigner communities. Large-scale naturalization of foreigners would, of course, not remove xenophobia. France and Britain, which offer their nationality to anyone born on their territory and have, as a rule, fewer obstacles to naturalization of foreign residents, also experience violence against minorities. But the important difference is that these groups are citizens with equal rights. They are a lobby for foreigners within the society, watchdogs against discrimination and sought-after voters, not just tolerated aliens. There are, fortunately, many in Germany who speak up for foreigners, and the horror over recent events has turned what was an all-too-silent majority into a vocal one. And, of course, there is Germany's small but vocal Jewish community. "The children of the pogrom's victims are obliged to keep the memory alive," Ignaz Bubis, head of Germany's Jewish Council, said recently, referring to Nazi persecution. "The Jews were left alone then, the public kept silent, were indifferent and stood by."

ship. So the answer to the extremist cries of "Foreigners out!" must be "Foreigners in!" Germany has given the 8 million aliens on its territory a stake in its material success. It must now give them a stake in the success of its democracy by making them citizens — for their sake, and for that of Germany. The writer is diplomatic correspondent for the German weekly Die Zeit. He contributed this comment to The New York Times.

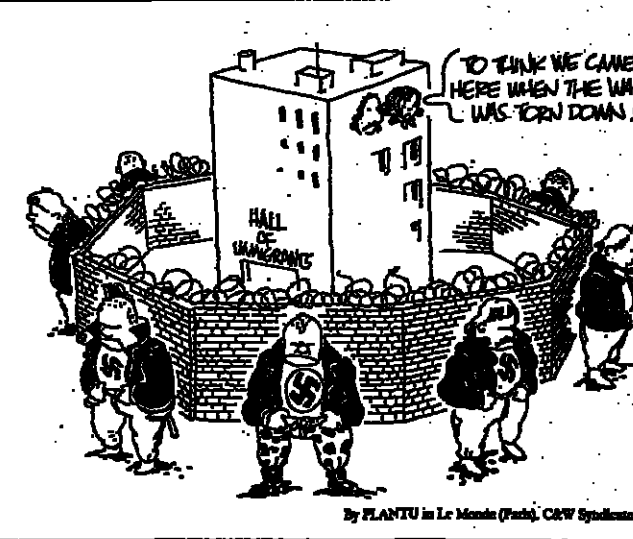
South Africa: Both Developed and Undeveloped

By Giles Merritt

JOHANNESBURG — The day is not far off — say, 18 months to two years — when South Africa will be led by President Nelson Mandela. Few well-informed white South Africans now doubt that. The question then will be what sort of a country the new South Africa becomes. In the political foreground, the overwhelming issue is the speed and nature of the move to majority rule. When and on what terms white supremacy is to be ended remain the subject of tortuous negotiations that could yet collapse into violence. In the background, a little noticed debate is under way on the future direction of the economy. The argument is over whether South Africa is a First World or Third World country. Can a country in which well more than half the population lacks electricity be considered developed? asks one school of thought. But can an industrially advanced country that makes its own BMW and Mercedes cars be looked on as economically backward? retorts the other. The future international classification is more than a statistical exercise. The direction South Africa's economic policies will take, and the country's ability to act as an economic dynamo for its desperately poor Southern African neighbors, will be affected by its international status. The heart of the matter is whether South Africa should seek to join the Lomé Convention — the European Community's trade-and-aid pact with the developing countries of Africa and the Caribbean and Pacific regions. Derek Keys, a former mining mogul who is South Africa's widely respected finance minister, is in the vanguard of those who believe that reclassification as a developing country and either association with

or membership in Lomé are the key to a better deal with the EC. Support for such a downgrading of South Africa's international status comes from many directions. Officials in the African National Congress see Lomé membership as a way of applying more EC pressure to hasten the appointment of a power-sharing interim government and the holding of multiracial elections. Development experts grappling with South Africa's soaring unemployment and runaway population growth see Lomé membership as a way to switch economic policies toward more labor-intensive activities. The reclassification is said to hold out the promise of a wide range of other benefits, some probably real and others wholly imaginary. Advocates say that South Africa's access to EC markets would improve substantially. They also believe that the standstill of foreign investment would be ended if the country qualified for political risk guarantees by the World Bank's Multilateral Investment Guarantee Agency. Others, less well informed, argue that South Africa would become eligible for assistance from the Paris-based OECD, which groups the world's 24 richest countries but has no aid funds to spend. Bringing South Africa into an international political and economic framework such as Lomé has obvious attractions, not least, it would formalize Pretoria's relations with Brussels. Nevertheless, the signs are that Lomé would be the wrong road to take. There is less to be gained than at first meets the eye. Less than a fifth of mineral-rich South Africa's exports would stand to benefit from the more humdrum trade preferences that Lomé offers. Pretoria would in any case have to negotiate special access arrangements for its coal, sugar and fruit exports to Europe. The other side of the Lomé question is that any bid by South Africa to join would unleash a barrage of protests from many of the 69 developing countries that are already signatories, for these countries would be certain to see their shares of Lomé spending diminish. After all, the South African economy accounts for some 60 percent of all economic activity on the continent of Africa. The industries grouped in the influential South African Chamber of Business have added their voices to those warning against reclassification. A recent report by the chamber warned that such a retrogressive step might cost the country more than it gains, in terms of both its international creditworthiness and its attractiveness to foreign investors. Officials at the European Commission in Brussels are far from enthusiastic about the idea of extending Lomé to include South Africa. They readily acknowledge the need to fund development assistance to black South Africa's underprivileged and neglected economy — which already receives small amounts of carefully

controlled EC funds — but they doubt that Lomé is the right vehicle. The truth is that South Africa is neither a First World nor a Third World country, or rather that it is both. South Africa's rich whites make up 17 percent of the population and account for 70 percent of the wealth, and those figures make it an exact microcosm of the world at large. The key to South Africa's future is that it is a special case and must forge its own unique relationship with the EC and the international community. International Herald Tribune.



Islam Isn't Marching To Bosnia

By Stephen S. Rosenfeld

WASHINGTON — There has been a dog that didn't bark, a strange defining moment, in the Yugoslav crisis. It is said, ominously, that a great tidal wave of anti-Western feeling is building among the world's Muslims, as they ponder the Christian West's failure to stop the Muslim community in Bosnia. The perceived humiliation is likened to that suffered centuries ago in the Crusades, decades ago in the West's establishment of Israel, and two years ago in a Western-led coalition's campaign against Iraq. But why, then, has Islam not come more vigorously to the aid of embattled Bosnian Muslims? Why, for instance, have oil-producing Muslim states not cut off Serbia's life-sustaining oil imports? Why have so few arms and food cargoes, especially from Muslim sources, been sent to Bosnia? Why have Islamic volunteers not flocked to fight with their brothers in Sarajevo? Where is Islam when the Bosnian Muslims really need it? When the West would be relieved to have others provide the rescue that it is palpably not conducting itself? Some Muslim aid has been sent. Some arms, relief and military volunteers have gone through. The total, though, seems modest. There is no match between the promises in Islamic rhetoric and the known deliveries. So far Islam has pretty much left the Muslims of Bosnia to their own inadequate devices. Far from being a tiger, Islam has been in Bosnia a pussy-cat. Some of the rage supposedly building up as the result of Western power plays may exist less in reality than in the apprehension of Western onlookers. There is a tradition, some of it Arabic, some of it merely liberal, of exaggeration of Islamic sensitivity to real or imagined Western injury. Still, the shortage of fellow feeling is striking. It seems that Bosnia's Muslims are regarded as second-class Muslims only by the relatively brief (four-century) accident of Turkish conquest. Apparently they are not well accepted by the world Islamic community either ideologically, politically or — being Europeans and Slavs — ethnically. This is ironic when you consider how their Balkan rivals have insisted that they are instruments of fundamentalist subversion. In international disputes, the Islamic countries respond separately and mostly to national imperatives. This limits the unity they can muster when one of them gets into trouble. The West capitalized on splits in the Islamic community in the Iran-Iraq and Gulf wars, crises in which first one Muslim state (Iran) and then another (Iraq) were plainly becoming a threat to others. A political calculation also explains how external Muslim support was rendered to Afghanistan resisting the Soviet invasion in the '80s. Countries of the region saw a political and strategic threat in the thrust of Soviet power into Kabul. There is no similar perception of political or strategic threat now. There is alarm, but no action about the possible spread of the war to Muslim-inhabited Kosovo (in Serbia, Albania and beyond). Some of the same states that were stirred by the Afghan war now seem more of a danger in the leftover fundamentalist gunmen who were recruited and sent to fight in Afghanistan at that time, and in new recruits to armed militancy, Egypt and Algeria, to say nothing of Saudi Arabia, do not want gun-will travel through around in their own brittle societies. Struggling to cope with these diverse post-Cold War Islamic currents, the American government takes a split-level view. The Pentagon is sometimes accused of inventing enemies. But the instability and unpredictability that it identifies as a source of peril make the whole Muslim world. These enemies caught up in the tolls of modernization are the places that American soldiers worry about most. The State Department is accused of failing to get a grip on an exploding new reality. But it is rightly anxious to contest the confrontational view that Islamic fundamentalism is "the next Islam confronting the West or threatening world peace." It may take further time to learn whether contemporary Islam is, as State says, a "historic civilization force." But the sign is clear. The right to underline that the American quarrel is not with religion but with extremist conduct, and to seek to address the phenomenon country by country, not as a unit or bloc. The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: A Plan for Ireland

NEW YORK — The Times prints today (Nov. 29) the basis of Mr. Gladstone's Home Rule Bill to make Ireland a dominion divided into four provinces, Ulster, Munster, Connaught and Leinster, to let each province have its own House of Representatives, elected by manhood suffrage; to let each House elect a number of Life-Senators, to meet in Dublin to constitute an Irish Senate; to let each province have a Governor appointed by the Crown; and to let all acts of provincial Parliaments and of the Irish Senate be subject to the veto of the Governor until passed a second time by a stipulated majority.

1917: Lenin's Peace Plan

STOCKHOLM — Lenin and Trotsky have issued an appeal to all the belligerent Powers to come to immediate peace terms on the basis of no annexations and no indemnities and recognizing the right of peoples

to act for themselves. They fix December 2 for the opening of negotiations for an armistice and general peace. They declare that, if at this date, the Governments of the Entente have no appointed representatives to co-operate in this effort for peace, they will immediately enter into negotiations with Germany and conclude a separate peace. 1942: Warning to Italy. LONDON — [From our New York edition:] Prime Minister Churchill, in a broadcast to the world today (Nov. 29), told the people of Italy that he was for them to say whether they wanted to undergo a shattering Allied attack which he promised them from the United Nations' new North Africa "spring-board." He suggested plainly that it was for the "lucky and once happy" Italian people to choose whether they would stand with Premier Benito Mussolini and Fascist Allied offensive of which they had led as yet "only a small taste."

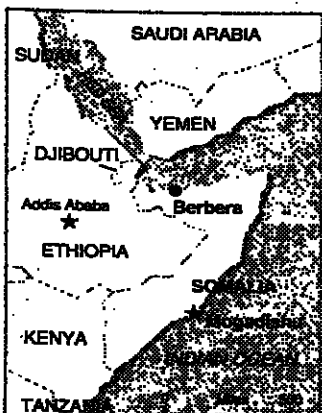
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Intervene in Somalia: Can Do

U.S. Military Planners See No Real Difficulty

By Barton Gellman
Washington Post Service

WASHINGTON — Military planners contemplating an American-led intervention in Somalia came to an unexpected conclusion several weeks ago: It would not be terribly hard.



"The immediate task is to establish order," said A. Richard Norton, a professor of political science at West Point and one of the U.S. military's leading authorities on low-intensity conflict. "I see that process as taking a couple of weeks. More time consuming is to establish a modus vivendi on the ground, and I see that as a process of months, certainly not a process of years."

The 1,800 Marines already on routine deployment in the Indian Ocean would most likely launch the effort by landing north or south of Mogadishu and securing the capital's port and airfield. A division of air-transportable light infantry could then stream rapidly into that airfield and as many as seven other airfields in a country that is nearly the size of Texas.

The emerging plan calls for establishing three or four large regional supply and security centers, along with roughly twice that many smaller distribution points. Once the strongpoints are secure, according to American officials, a United Nations force would not need to worry much about supply lines.

Military planners expect clan opposition to collapse in short order because a large-scale intervention would deprive the clans of the looted food and financial tribute that allow them to buy ammunition.

Like other administration officials, American officials were not eager at first to embrace military action in Somalia. But they now see little alternative as violent chaos there starves thousands to death despite plentiful shipments of food.

"I came over here thinking there wasn't a military solution; there had to be a political one," said Colonel Fred Peck, a Marine who is the senior member of the U.S. humanitarian effort, speaking in a telephone interview from Mombasa, Kenya. "But the situation is such anarchy that a political solution looks remote."

"If we controlled the feeding centers and were no longer paying tribute to the clans, that's their power base," Colonel Peck said. "Out in the scrub of Somalia, once you take control of the principal towns and villages, the other guys are on the outside without the means to sustain their fight."

He predicted that armed Somali clans, faced with organized opposition, "would put up token resistance — maybe some mining and some stripping — and then withdraw."

"The potential opposition force is a disorganized collection of largely untrained bands with no demonstrated capacity for large-scale operations. Though capable of great violence against civilians, the Somali weapons — mainly assault rifles and rocket-propelled grenades — do not compare with the heavy artillery, armor and modern warplanes in the hands of Serbian warplanes in Bosnia-Herzegovina."

Officials would not say which foreign leaders Mr. Bush called. At week's end, officials in London and Paris were reacting cautiously to the Bush plan.

Months of public debate over the advisability of possible U.S. military involvement in the region...

There is no grand Somali cause animating the conflict. Somalia's combatants are competing for power — looting and "taxing" the donated food that is virtually the sole source of national wealth — but they lack a strategic purpose comparable to the "ethnic cleansing" of Yugoslavia's Serbs.

President George Bush has launched a round of personal diplomacy to persuade U.S. allies to join the aid force, the Los Angeles Times reported from Kennebunkport, Maine.

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AMERICAN TOPICS

Cameras Replacing The Court Reporter

Eighteen states now record court proceedings on video cameras, rather than having them stenographically transcribed by court reporters. New Jersey is trying the system in hopes of ultimately replacing all 199 of its court reporters at a saving of about \$2.2 million a year. The New York Times reports. Two experimental courtrooms each have five cameras, plus microphones and recording equipment. Each system costs \$58,000.

The types of each day's proceedings can be purchased by anybody for \$10 immediately after court recesses. A typed court transcript costs \$3 a page if the lawyer wants it within 24 hours. Many judges and lawyers say the videotapes are excellent tools for studying courtroom performance and comportment.

Judge Jonathan N. Harris of the Hackensack, New Jersey, criminal court says he has "learned to smile a lot more" and, instead of slouching, sits up straight.

There are drawbacks. For appellate judges, playing back videotapes is slower and more cumbersome than flipping through a

About People

Patricia J. Maraldo has succeeded Faye Wattleton as president of the Planned Parenthood Foundation of America. Ms. Maraldo, 45, had been chief executive of the National League for Nursing, a Roman Catholic, she says: "I believe in the use of contraception and am pro-choice. I go to church on Sunday but do not subscribe to many of the basic tenets of the church. That does not mean I am any less a Catholic."

Joseph Hazelwood, skipper of the tanker that polluted the coast off Valdez, Alaska, in 1989, has a gas station there named for him. Three entrepreneurs, flush with cash from working on the cleanup, are calling the place "Cap'n Joe's." Said one of the partners, "He made it all possible."

Ross Perot, who finished a strong third in the presidential election, has been named one of this year's "10 Best-Dressed Shorter Men in America" by Bob Stern, president of Short Sizes Inc., a retail and mail order company that specializes in apparel for men under 5 feet 8 inches (1.72 meter). Mr. Stern said Mr. Perot, at 5 feet 7 inches, dressed "like your practical, everyday billionaire, but with an independent twang." Among other honorees this year are the actors Emilio Estevez and Billy Crystal.

Arthur Higbee

Connecticut Tribe Sues, Seeking Land And Recognition

By Constance L. Hays
New York Times Service

BRIDGEPORT, Connecticut — In the beginning there were rocks and rivers, forests and meadows, cornfields and deer. Now there is downtown Bridgeport, and the Golden Hill Pausgussets, an Indian tribe based here, want it back.

In a lawsuit filed this month in federal court, the 100-member tribe asserted its ownership of 88 acres (35.5 hectares) that include much of Bridgeport's core, including city hall, the main post office and the Hi-Ho shopping mall.

Citing violations of agreements made in the 18th century, first with the British and then with Americans, tribal leaders have proposed a settlement that includes \$750 million, the 80 acres of land, support for the group's efforts to become recognized by the federal government as an official tribe — and state permission to operate a casino.

A tall order, especially for an economically strapped city and state, but one that tribal leaders say they are entitled to after a history of poor treatment.

"This is based on the value of the land," said Aurelius H. Piper Jr., known as Quiet Hawk, the tribe's council chief.

"I want the whole thing, all of it," he said. "Any white man in this country with a billion-dollar claim would be as hard-nosed as I am."

Some have wondered why anyone would want anything in downtown Bridgeport, a tired industrial city that tried to declare bankruptcy last year. Others have scoffed at the tribe's claim, suggesting that its real goal is simply to open its own casino. Another Connecticut tribe, the Mashantucket Pequot, opened a successful casino, near Ledyard, in February, and it has operated around the clock ever since.

Various parties, including prominent Las Vegas developers, have proposed building casinos in Bridgeport as well.

But regaining its land has been a tribal priority for generations. Mr. Piper, 47, said. "It's something that has passed down, leader to leader."

He said, "We have continuously gone after our property, but we haven't had the money to finish it. The tribe is very poor and small."

Besides Bridgeport, the tribe is considering staking claims to other land it inhabited, before Europeans arrived, in Orange, Stratford, Milford and Trumbull.

The Golden Hill Pausgussets have existed "since time immemorial," according to the lawsuit, and now occupy two reservations in Connecticut. One, covering about 107 acres in Colchester, was bought with a federal Housing and Urban Development grant in the 1970s, Mr. Piper said. The other, only a quarter-acre, is in Trumbull. Mr. Piper's brother, a tribal leader known as Moonface Bear, lives on the Colchester reservation; his father, Aurelius Sr., whose Indian name is Big Eagle, lives on the Trumbull property.

Iraq Calls Embargo Key to UN Talks

By R. Jeffrey Smith and Trevor Rowe
Washington Post Service

NEW YORK — Iraq will negotiate on meeting United Nations Security Council demands when Western powers signal readiness to lift a global trade embargo against Baghdad, according to Deputy Prime Minister Tariq Aziz.

Mr. Aziz, after a week of consultations at the United Nations, said the council should take the first step, demanding in effect that the allies at least raise the possibility of an end to economic sanctions in place since the end of the Gulf

War. The council has said Baghdad must move first in ending the dispute.

That seemed to leave Iraq locked in the stalemate that has marked its relations with the United Nations since the end of the war in early 1991. Mr. Aziz's comments provided the most recent signal that his government is not ready to comply with the UN cease-fire resolutions approved at the close of the war, because it foresees no tangible benefit as long as the United States, France and Britain insist on maintaining the embargo.

At the same time, the tone of Mr. Aziz's remarks Saturday was more conciliatory than in some previous public statements. He said, for example, that Iraq did not expect to regain the military power it had before the war, apparently the first such statement by a senior Iraqi official since the war.

Mr. Aziz also said the country harbored no ill will toward neighboring Turkey's part the economic blockade or providing assistance to forces that fought Iraq in the war. "The past is past, and now the future is more important," he said.

On relations with the United Nations, Mr. Aziz said: "I'm not sure the council at this stage is seriously considering the lifting of sanctions. And when they start to seriously consider, they can bring their concerns to us and we can find a satisfactory compromise on both sides."

Mr. Aziz said that President George Bush had been motivated by "a personal element" in insisting that the UN embargo be retained as long as President Saddam Hussein remained in power. Mr. Aziz said he was not sure what policy would be pursued by President-elect Bill Clinton, but added, "We hope that this element is over."

Mr. Aziz said he understood that British and French officials recently voiced caution about ending the embargo soon.

He played what Western diplomats have come to call the Iran card, in saying that the region was not as stable as it was before Iraq's military forces were reduced during the war over Kuwait. He said an objective analysis by Western powers, "without the prejudices of the conflict with Iraq," would prompt them "to stop the harassment of Iraq, stop the imposed isolation."

Mr. Paul confirmed that intermediaries for the two men had carried out a flurry of contacts.

Mr. Paul and diplomatic sources said that the U.S. Embassy residence had been offered as a meeting place, but rejected by Father Adrien on the ground that it was not a neutral site. Father Adrien has accused the United States of sponsoring the coup against Father Aristeide, which led to a wave of repression and terror against Father Aristeide's followers.

Blacks Kill 4 Whites in South Africa

JOHANNESBURG — Blacks burst into a country club dining room and opened fire with automatic rifles and hand grenades on elderly whites, killing 4 and wounding 17, officials said Sunday.

The attack took place Saturday night at a golf club in the southern town of King William's Town. It appeared to be racially or politically motivated but is seen as an isolated incident.

Frederik W. de Klerk's white government and the African National Congress, which are to meet this week, have made it clear that they want to push ahead with negotiations despite ongoing violence.

The attackers rolled grenades in, following up with automatic weapons fire, witnesses said, adding that the assault lasted less than a minute. There were about 60 people, mostly middle-aged and elderly whites, in the dining room and bar. The club is integrated, and blacks were among the bar guests.

A member of Parliament, Ray Radue, said he and his wife were at the club when the attack occurred, just before 10 P.M. He said he saw three assailants. The police put the number at five.

The attack in King William's Town marked the fourth mass killing in South Africa during the weekend. The others included:

A family of four whites was murdered at their farmhouse Friday night south of Johannesburg. The police said robbery was the motive. Eight blacks were gunned down Friday night at a train station east of Johannesburg, an attack possibly linked to a local feud among rival black groups.

Six ANC supporters were killed when a grenade exploded at a party in a house south of Johannesburg.

Haiti Hard-Liners Hedge Their Bets

Fearful of Clinton, They Seek Talks With Aristide Aides

By Douglas Farah
Washington Post Service

PORT-AU-PRINCE, Haiti — Fearing that President-elect Bill Clinton will be harder on them than the Bush administration has been, Haiti's hard-line military leaders are offering for the first time to meet representatives of the elected president they removed from power here, according to diplomats and sources close to the talks.

Diplomats and analysts said the move was important because, for the first time, it signaled that at least some in the military were willing to consider the return from exile of the Reverend Jean-Bertrand Aristide in exchange for guarantees that current military leaders, including those who deposed Father Aristide, may remain in the army.

"Fear of the unknown is what is pushing them," said one diplomat close to the process. "Fear is probably the ultimate motivator."

A source familiar with the military leaders said that they remained divided, but that there was a growing feeling among them that the time had come to talk seriously with Father Aristide's representatives, in an effort to stave off what many here believe will be a strong effort by the Clinton administration to restore Father Aristide to power.

"What is being laid out to the army is that you have the opportunity to do something you do not like now, before you are forced to do something you really do not want to do two months from now," one diplomat said. "It is a window of opportunity that should not be wasted."

Father Aristide has long said he would not talk with the military-backed civilian government led by Prime Minister Marc Bazin, because the real power is with the military.

Evans Paul, the mayor of Port-au-Prince and a close Aristide supporter, said a meeting between General Raoul Cedras, the commander in chief of the army, and the Reverend Antoine Adrien, Father Aristide's chief representative, would take place "very soon."

WHO Sees Need To Increase AIDS Funds 20 Times

GENEVA — The World Health Organization said at least 20 times more money must be spent on AIDS prevention in developing countries if there is to be any hope of slowing its spread.

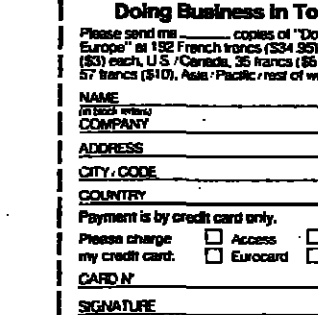
In a message prepared for release on Monday ahead of its World AIDS Day on Tuesday, the UN agency warned of the economic costs of the as yet incurable disease, which kills people in their prime and is spreading "virtually unchecked" in many parts of the Third World.

Prevention focuses on promoting safe sexual practices. WHO said developing countries needed at least \$2.5 billion annually so such programs can "make a difference."

Last year some \$120 million was spent, it said.

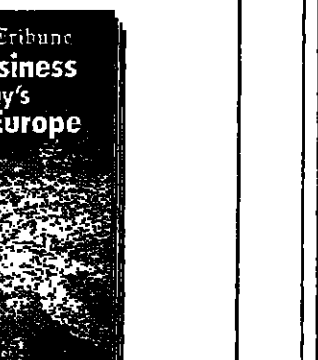
"We believe the developed world should be a major source of those funds," said Dr. Michael Merson, head of WHO's AIDS program.

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No Talks, Bosnians Tell Wiesel

Meeting Barred With 'Murderers'

Compiled by Our Staff From Dispatches

SARAJEVO — President Alija Izetbegovic of Bosnia-Herzegovina rejected on Sunday a proposal by the peace activist Elie Wiesel to meet Serbian leaders in Paris, calling them "the murderers of our children."

Mr. Wiesel, visiting detention camps in Bosnia and checking reports of human rights violations in the former Yugoslavia, suggested a meeting involving Radovan Karadzic, a leader of Bosnian Serbs, and President Slobodan Milosevic of Serbia.

Mr. Izetbegovic replied: "This is not an ordinary war, this is genocide. You can meet your enemy, but you can't meet the murderers of your children. Our people see murderers in them."

Mr. Wiesel, the winner of the Nobel Peace Prize in 1986, replied: "Mr. President, they say the same thing. That is the biggest problem."

As shells burst and machine-gun fire rattled not far from the presidency building in the besieged city, Mr. Wiesel accepted a book detailing alleged atrocities against the people of Sarajevo, but said it was too early for him to comment or form conclusions.

In other developments: Heavy fighting was reported between Croatian and Serbian forces in Bosnia just a few hours before a cease-fire deadline.

The Belgrade-based Tanjug news agency reported that Croatian army units attacked Serbian positions around Orasje and Brocko overnight Saturday and stepped up the attacks on Sunday.

NATO warships intercepted the first vessel caught breaking the UN embargo imposed on Serbia and Montenegro, and escorted the Maltese-flagged ship to an Italian port, a NATO spokesman in Naples said.

A United Nations war-crimes commission decided to dig up a cornfield near Ovcara, Croatia, that investigators say could be a mass grave. Officials say the field could hold the bodies of 300 people believed to have been killed by Serbian forces in November of last year.

The investigators say they believe that the cornfield is a mass grave for civilians and Croatian soldiers who were all taken from a hospital after the fall of nearby Vukovar to Serbian forces.

(Reuters, AFP, NYT)



Muslim refugees doing laundry on Sunday in a camp at Travnik, Bosnia-Herzegovina.

KOHL: Chancellor Vows to Step Up War on Rightists

(Continued from page 1) unions and workers to accept low wage increases.

In Bonn, leaders of parliament's four major parties failed to agree on how to limit the ability of refugees to enter Germany.

About 500,000 refugees are expected to take advantage of Germany's liberal asylum law this year.

Although all major German parties have agreed to scrap the constitutional guarantee of asylum and replace it with a more restrictive law, they remain at odds over how to do it.

Some opposition Social Democrats want Germany to replace the asylum system with immigration quotas, a goal rejected by Mr. Kohl's Christian Democrats.

4 Held in Madrid Slaying

Hundreds of people attended an anti-racism rally Sunday in a Madrid suburb, a day after the police arrested four youths in connection with the death of a Moroccan immigrant attacked in the suburb earlier this month.

The Associated Press reported from Madrid. It was the second killing of an immigrant in Spain this month and sparked fears of a rise in racism throughout the country.

News reports said the police arrested four youths Saturday in connection with the death of Hassan Yahahagu, who died nine days after he was attacked Nov. 14 in the suburb of Majadahonda.

Residents of the suburb who witnessed the attack said four youths repeatedly beat Mr. Yahahagu after pushing him to the pavement. He died nine days later in a hospital.

The arrests followed those Friday of a member of the Civil Guard and three minors for the fatal shooting Nov. 13 of Lucrecia Perez, an immigrant from the Dominican Republic.

The guardsman and three minors implicated in Miss Perez's death were questioned Sunday by an investigating judge to establish whether they acted in conjunction with some extreme rightist group.

Miss Perez's death triggered a series of demonstrations against racism and xenophobia.

Asylum-Seekers Put Austria in a Bind

By Craig R. Whitney

New York Times Service

VIENNA — The resplendent capital of an empire that collapsed three generations ago, Vienna since the end of communism in Eastern Europe is again a city in fear of being sucked into social and economic turbulence in its former imperial possessions.

For Chancellor Franz Vranitzky, now in his seventh year in office, the solution still lies in Austrian membership in the European Community, which now has 12 members.

But Europe shares many of his country's problems in coping with an influx of asylum-seekers and refugees from fighting in places like Sarajevo, where the demise of the Hapsburg Empire began 80 years ago.

"I believe Austrian entry is still a good idea," he said in an interview in his office across the street from the vast Hofburg Palace in the city center that was damaged by a fire on Friday.

Mr. Vranitzky, discussing Europe, said, "I'd like to hope that the process of European integration helps, and that individual countries aren't all left to their own national devices to cope with the problem."

The basic problem, he said, is "political instability and low living standards in one half of Europe, and higher living standards in the other half."

The effects of this division on Austria have been felt on a larger scale in Germany, where an estimated half a million asylum-seekers and half as many war refugees from the Balkans have streamed into the country and caused a rightist backlash.

So far, the Austrian backlash has included little of the neo-Nazi violence against foreigners that has afflicted its larger neighbor.

But Jewish cemeteries have been desecrated in Austria, as well, and a conservative politician named Jörg Haider has been making inroads.

Now Mr. Haider is pressing ahead with petitions for a national referendum on his 12-point program for ending foreign immigration and keeping the proportion of foreign children in public schools below 30 percent.

"We were the first to see this problem," said Mr. Haider, 42, the head of the Austrian Freedom Party.

His pressure has worked. In June 1992, the Austrian government put into effect a new law making it more difficult for East Europeans fleeing economic problems to get into the country as applicants for asylum and tightening the border controls with Hungary.

The Hungarians also agreed to take back migrants rejected at the Austrian border.

In the first nine-and-a-half months of this year, only 15,155

asylum-seekers registered in Austria, compared with 27,000 in all of 1991. This year's figure includes nearly 4,500 refugees from the fighting in the Balkans, from which 39,961 more people have also sought and received temporary shelter in Austria.

On Nov. 17, the Austrians temporarily admitted 175 other Muslim war refugees from Bosnia after the British government refused to accept them, despite pleas from a British charity organization that had arranged their escape.

For Mr. Haider, whose party nearly doubled its share of the national vote, to 16.6 percent, in the last general elections two years ago, the government's measures have not been enough.

There are an estimated 325,000 officially tolerated foreign "guest workers" in this country of 7.6 million people, but the government estimates that 100,000 more may be staying here illegally.

Mr. Haider says the real number of illegals is twice as high. "Austrians don't want to feel like strangers in their own country," he said. According to a recent Gallup Poll that showed that 76 percent of the people of the country opposed letting in any more foreigners, many Austrians seem to agree with him.

The chancellor said the refugee problem was far beyond Austria's ability to solve alone. But he hoped that Austria's application for membership in the European Community would be acted upon soon after Jan. 1, even though the precondition that the EC had originally insisted on before starting negotia-

tions — ratification of the 1991 treaty on European political and economic union — will not be satisfied because of delays by Denmark and Britain.

Dismissing Mr. Haider as a "populist," Mr. Vranitzky, who is 55, spoke diplomatically about the damage done to Austria's image abroad by the six-year presidency of Kurt Waldheim, the former United Nations secretary-general who concealed details of his past as a German officer in the Balkans in World War II.

Mr. Waldheim's term ran out last spring, when Thomas Klestil was elected to replace him. "With the countries that took exception to him, rightly or wrongly, the situation can only improve," Mr. Vranitzky said.

ISRAEL: Agonizing Over a Response to Neo-Nazism

(Continued from page 1)

many Audi and Mercedes cars on the streets and Braun coffee makers in homes.

Israelis routinely do business in Germany and go there for tons and study. Their government dealt with the then-divided Germans almost from the founding of Israel in 1948. It had formal relations with West Germany beginning in 1965.

After the United States, Germany is Israel's most important trading partner, with exports and imports last year totaling \$2.8 billion.

Still, for just about everyone, business stops at the Nazis' door. And nervousness about recent events turned to revulsion for many this weekend when Israel Television broadcast a German television

report that juxtaposed shots of Nazi-saluting modern youths with scenes of Auschwitz.

"We at last understood that this is not a fringe occurrence but something demonic that is happening in Germany," wrote Yosef Lapid, a columnist for the newspaper Ma'ariv.

Moshe Katsav, a leader of the opposition Likud party, said Israel should sever diplomatic relations if the Nazi revival is not squelched. At the cabinet meeting, Health Minister Haim Ramon argued that Israel should at least bring its ambassador home from Bonn for consultations as a form of protest.

On the radio Israelis heard the German ambassador to their country, Otto von der Gablentz, caution

against boycotts and other attempts to "isolate Germany," no matter how understandable their sensitivity may be.

"I do understand emotional reactions," the ambassador said. But he added: "Isolation helps those who do not want to have an open society, who do not want to have a democracy."

And perhaps inevitably, as with so many issues in Israel, this one had an echo in the Palestinian conflict.

Speaking with reporters in Gaza on Saturday, Haidar Abdel-Shafi, head of the Palestinian delegation to the Middle East peace talks, said that although neo-Nazism should be eliminated, he felt Israel was using it to create world sympathy for itself.

PARIS: Planning a Revival for the Champs-Elysées

(Continued from page 1)

pose the so-called golden triangle, with the Champs-Elysées as its pinchbeck third side.

Mr. Cazenave says that when he asked Jacques Chirac, the mayor of Paris, to make a program to revive the Champs-Elysées, Mr. Chirac was sympathetic, but had earmarked funds for the desolate east of Paris rather than its wealthier west.

"I said the Champs-Elysées is neither east nor west but the center — a place that means something to the memory of the entire world," Mr. Cazenave says.

Its meaning may be mostly symbolic. The historian Louis Chevalier wrote in 1961 that the Champs-Elysées never was a center. "This triumphal way leads away from the center," he said. "It is too long, too wide, too straight. And it slopes uphill."

To some, the new program is

simply a cosmetic coating intended to prop up real estate values, like the Christmas lighting paid for each year by local merchants.

When the Mission has transformed the Champs-Elysées from the Rond Point to the Ecole, Mr. Cazenave says, there will be 3.5 more hectares (about 8.6 acres) of pedestrian space. Although he dreams of elegant promenades and new grand hotels and fine restaurants, he says his group's goal is cultural and not commercial.

"We have a lot of ideas," he said. "The Botero exhibit is an example of what can be done."

The open-air show of 31 monumental bronzes by the Colombian artist Fernando Botero, between Concorde and Rond Point, has been attracting enormous weekend crowds.

Mr. Botero's dealer, Didier Imbert, said that Mr. Chirac's deputy

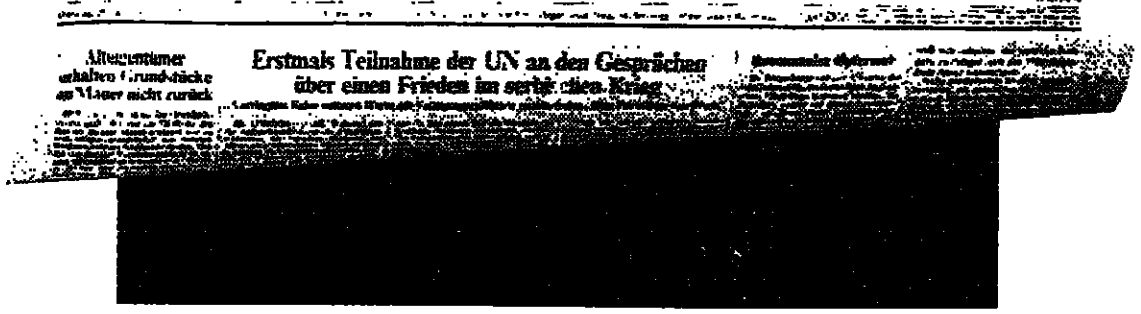
for environmental affairs had told him, "If you can get me Botero, we can get you the Champs-Elysées."

Mr. Imbert, whom Mr. Imbert praises for his intelligent commercial sense, was willing, and the city paid for the installation, lighting and guards. Mr. Imbert says he forked out 10 million francs (about \$1.85 million) from his own pocket, which he should recoup in publicity and sales of T-shirts, posters, postcards and pins. "Not many people can afford a Botero, but anyone can buy a postcard," he says.

Mr. Imbert thinks the outdoor show will improve what Mr. Chirac has called the tarnished image of the Champs-Elysées. Certainly it has brought happy throngs as well as a few of the people the Mission hopes to eliminate. Already someone has stolen a standing figure's cane and the whiskers off the Botero cat.

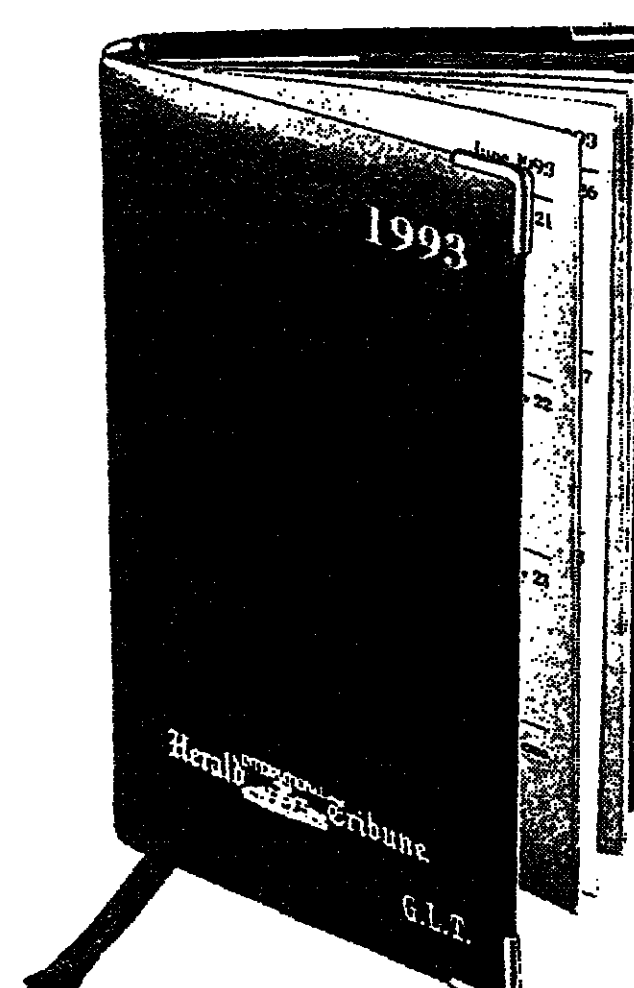
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ALBA

A New Industrial Power Base In Bahrain

Quality and Quantity: A New Era for Aluminum

Aluminium Bahrain (ALBA) has now completed a major smelter-expansion project, which will provide an additional annual production capacity of 235,000 metric tons. A new 800-megawatt power station has also been built.

The ALBA smelter now has some of the latest high-tech, automated-process systems in the world for making aluminum. ALBA metal will be sold to Asia and Europe as well as to the Middle East.

The completion of the \$1.5 billion expansion to the ALBA smelter marks the dawn of a new era of industrialization for Bahrain, one of the smallest states in the Gulf. With an overall production capacity of 460,000 metric tons a year of high-grade metal, ALBA now is one of the largest and most environmentally friendly smelters in the world. The expansion has included the upgrading of existing facilities and the construction of an entirely new, one-kilometer-long (0.62-mile-long) potline, containing 288 reduction cells ("pots"), in which the metal is made.

ALBA uses the latest French Aluminium Pechiney technology for producing the aluminum from Australian alumina oxide and special know-how from Norway's Asea Brown Boveri Flåkt Norsk Vitefabrik to protect the environment.

Power for the electrolysis process to make the metal is obtained from an additional 800-megawatt, combined-cycle power station costing nearly \$500 million. The new power station uses almost unlimited natural gas from Bahrain's Khuff Field as a primary energy source. Waste heat generated by the gas turbines in the power station is used to produce steam, which drives steam turbines. Surplus power will be fed into Bahrain's national grid-distribution system (see related article, page 11).

Special attention has been paid to making the smelter as environmentally safe as possible for both the 2,300 workers in the plant itself and the outside atmosphere. More than \$180 million has been spent on treating fume emissions from the aluminum-making process — one of the largest environmental contracts ever awarded in the industry (see related story, page 10).

The construction work on the ALBA expansion project has had a major impact on the local economy and human resources, and it will continue to do so as new downstream ventures using aluminum as a primary metal come

into operation. At the peak period, more than 5,000 persons were working on the site.

ALBA has undergone a continuous period of expansion since its beginning in 1971, when it had only two potlines and a 360-megawatt power station. Production that year was a mere 10,000 metric tons. During the next 10 years, it increased to 170,000 metric tons per year with the addition of a third potline. By 1990, production and power output rose still further, and new technology was introduced, boosting metal output to 205,000 metric tons per year.

Anticipating a window of opportunity in world aluminum markets during the mid- to late 1990s, the government decided to go ahead with its most ambitious plan for ALBA — to double production to 460,000 metric tons per year and increase total power-generation capacity to 1,340 megawatts. The government also wanted to make Bahrain a "pole of attraction" by providing more primary metal for downstream export industries.

"ALBA has had its fingerprint on the economy of the island, especially during the last two years, in spite of the Gulf crisis," says Habib A. Kassim, minister of commerce and agriculture and deputy chairman of ALBA. "It has kept our economic motivation going, and it was a timely decision to go ahead. Bankers have told me that if it had not been for ALBA, it would have been very bad for them as well as for other Bahraini business executives. Here, we are all part of ALBA."

The foundation stone for the new potline was laid on March 6, 1990 — four months before Iraq invaded Kuwait — by Sheikh Khalifa bin Salman Al Khalifa, the prime minister, who unveiled a specially made sculpture in aluminum. The \$650 million loan facility for part of the financing was signed only two weeks before Kuwait was occupied — but the project never faltered.

Just after the war to liberate Kuwait began in January 1991, Yousuf A. Al-Shirawi, minister of development and industry and chairman of ALBA, visited the site one evening. Describing the scene, he says: "It was amazing,

People were still working although ALBA was regarded as a prime target for Saddam Hussein's Scud missiles. I found no fear there among the workers who remained — some Europeans left, but the Americans stayed on. We had enough skill and ability to carry on the work, and not a day was lost."

Gudvin K. Tofte, ALBA's chief executive, never even considered stopping the project. Mr. Tofte, a Norwegian who has been instrumental in developing the smelter

The smelter expansion cost \$1.5 billion and marks a new era of industrialization

since he came to Bahrain 20 years ago, admits that keeping the expansion work going was a close thing at times because of cash-flow difficulties.

"We had to go around with big smiles on our faces just to keep the contractors happy," says Mr. Tofte. "We had to spend a lot of time shopping around the Bahrain banks for bridging finance until the first drawdown of funds from the loan took place early in 1991, after the liberation

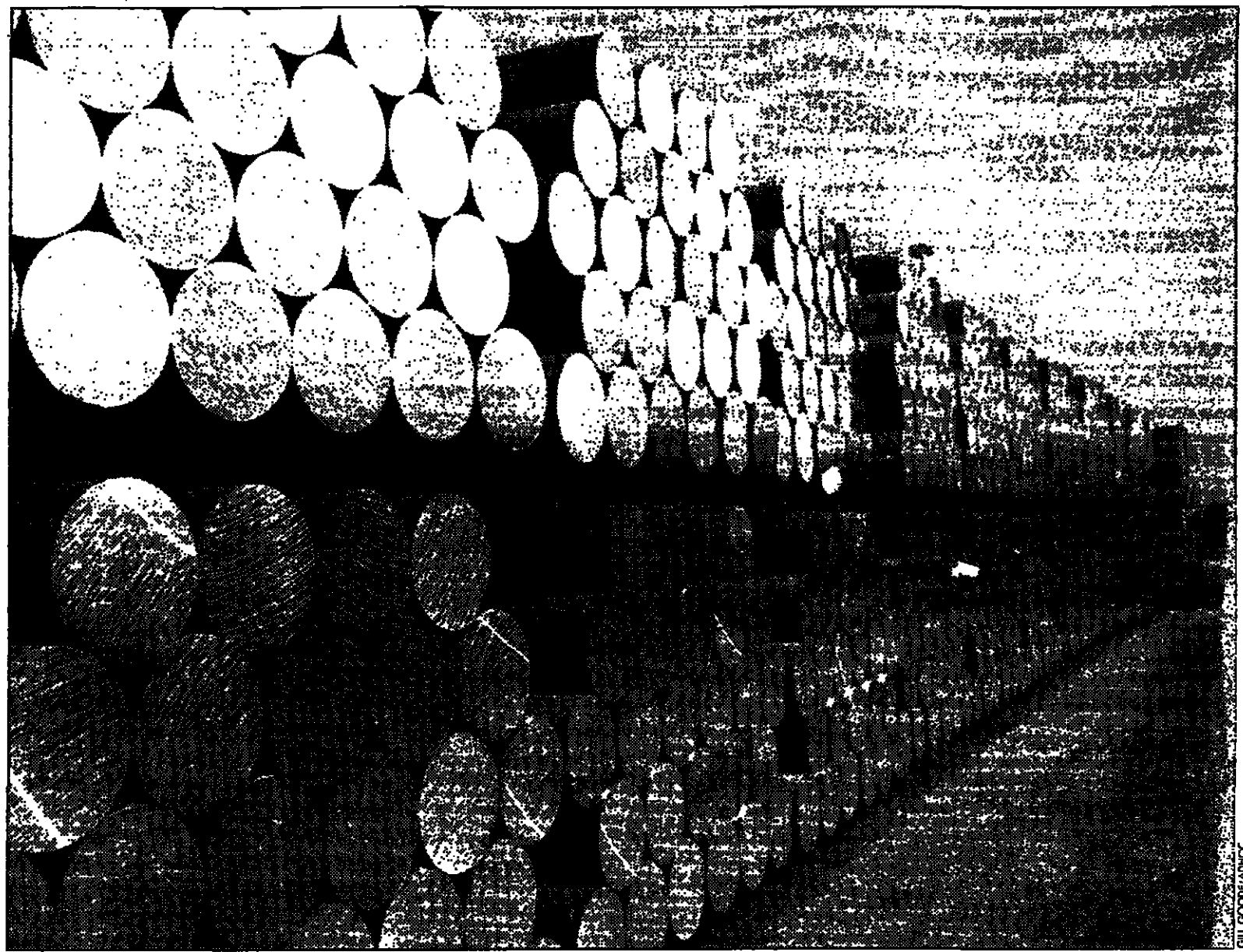
of Kuwait. That moment did not come a day too soon — we had used up all our money."

Abdulla H. Saif, governor of the Bahrain Monetary Agency, adds that the fact that the international financiers and backers of the project did not waiver reflected the confidence that they all had in Bahrain as an institution. "That was most important for us," says the governor. "We have never had the slightest problem in obtaining extended credit for ALBA."

The only interruptions were for the delivery of some items of equipment because ports in Bahrain and the Gulf were declared a war zone. Apart from shipping delays, insurance rates became prohibitive. The expansion program and power-station construction meant a massive logistics exercise for the contractors, with the transportation of materials and equipment — and the transfer of technology — coming from more than 20 countries as far apart as the southern tip of New Zealand and the northern regions of Norway.

More than 26,000 metric tons of steel were brought in

Continued on Page 18



Aluminum extrusion billets stacked and waiting for delivery. Aluminum is also produced as standard ingots, rolling slabs and T-ingots.

A Look at That Extra 'i'

Aluminum or aluminium? In the United States, the word is "aluminum." Across the Atlantic, it becomes "aluminium." There is an extra "i," and the accent shifts from the second syllable to the third. Why? The word was conceived in 1812 by the English scientist Sir Humphrey Davy, who pioneered the isolation of the element. He related it to "alum," a mineral salt that had been used since ancient times in tanning, dyeing and medicine. Davy first tried "aluminum" as a name for the new metal, then moved to "aluminium." The extra "i" came about 20 years later, inserted by wordsmiths who wished to give the word a more "classical sound" and to make it harmonize with "sodium," "potassium," "magnesium" and others.

The decisive supporter for the new spelling on the European side of the Atlantic was a French scientist, Henri-Etienne Sainte-Claire Deville, who in 1854 came up with a practical way to produce the metal chemically. He was also responsible for naming aluminum ore "bauxite," after Les Baux, near Arles, France, where quantities of the oxide were found.

The extra "i" failed to conquer America, where the word remains "aluminum." In this section, the word "aluminium" is used only in proper nouns or in quotes.

Ken Mackenzie

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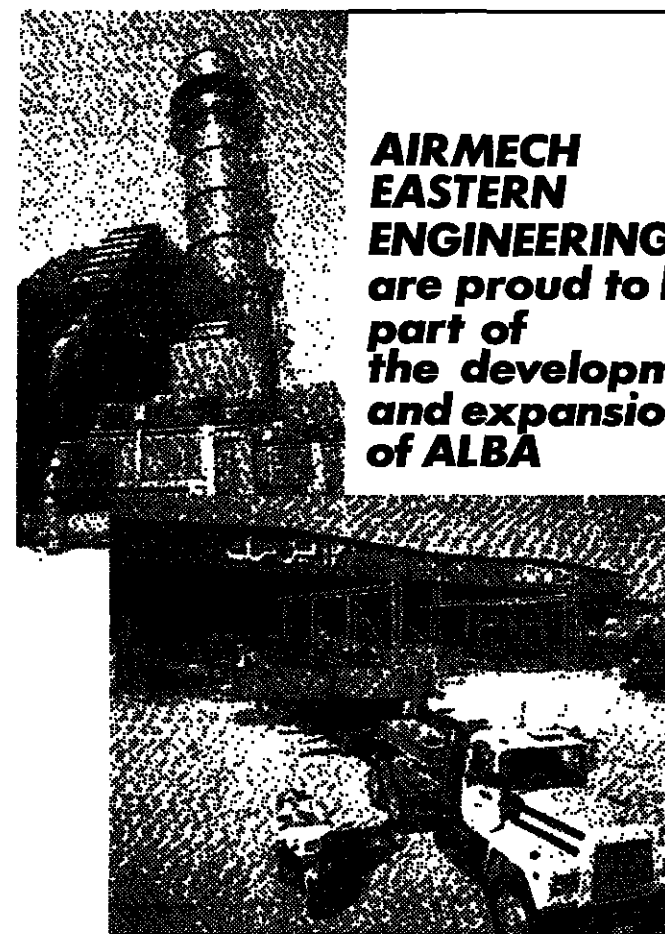
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Ahmed Ghuloom, pot-room superintendent, joined ALBA as a laborer when it began in 1971 (See page 15).

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Heidi Ellison, a free-lance journalist based in Paris, writes for a number of publications. • Michael Frenchman is a free-lance writer based in London who specializes in the Middle East. • Paul Millbank, based in London, is the editor of Metal Bulletin Monthly. • Ken Mackenzie is a Paris-based journalist. • Pamela Ann Smith, based in London, writes often about Middle East topics.

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A major contract in ALBA for Airmech has been the Fume Collection Sub-contract for the Mechanical and Electrical Installations.

Contact: Sobah Marib, Managing Director, Airmech Eastern Engineering W.L.L., P.O. Box 20137, Manama, Bahrain. Tel.: 593013 Fax.: 593113

Adding Value To Aluminum

There is more to aluminum in Bahrain than just the smelting process. Since the pouring of the first ingot by the Emir, Sheikh Isa Bin Salman Al Khalifa, in May 1971, a whole new downstream industry has been created — the largest of its kind in the Gulf.

"We have the money, the labor, the raw material and the power. We must make the best use of these," says Ahmed Al Khajah, a prominent Bahraini businessman and chairman of Al Khajah Establishment and Factories.

A typical Bahraini trading group with diversified interests, including contracting and many agency representations, Al Khajah Establishment and Factories has also been involved in an electrical works contract: ALBA worth 600,000 Bahraini dinars (\$226,000). The group is about to start up a new factory to make cathodic protection devices (transformer/rectifiers) for the oil, gas, petrochemical and water industries; the devices help prevent corrosion to pipes and storage tanks. The group will use aluminum from the smelter as a primary raw material. The new factory will be the first of its kind in the

New auto-wheel factories in the works

Middle East. It represents a step forward in high-tech industrial manufacture for the island, as do two new auto-wheel factories. One will start production shortly; plans for the second are still being finalized. Another development is the recent formation of Gulf Aluminium Industries (Gaico), which will build a new production unit at the Bahrain Aluminium Extrusion Co.'s plant.

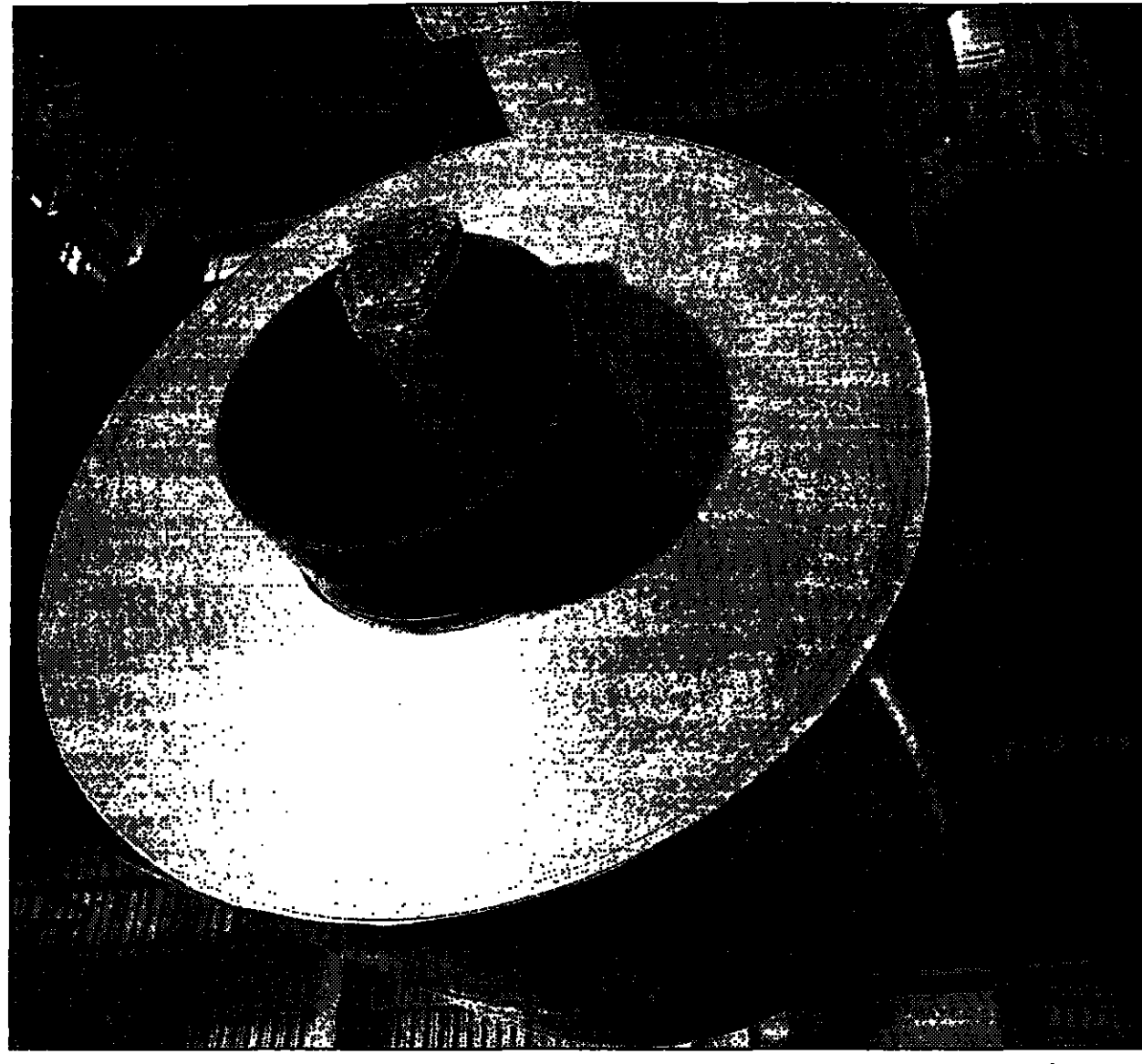
The downstream industry has now become one of the backbones of the local economy and a vital factor in the island's industrial diversification away from an economy based on finite hydrocarbon reserves (its oil will run out in about 30 years).

The latest venture, in conjunction with a German company, is an auto- and truck-wheel factory, which will manufacture lightweight wheel castings for export to Europe — a major step forward for Bahrain's industrial diversification. A second joint-venture auto-wheel plant is likely to go ahead with a South Korean company.

One of the first downstream industrial ventures to be set up was Midal Cables in 1977. It manufactures about 50,000 metric tons a year of aluminum rod, overhead conductors and cables for the power industry. When new supplies of aluminum are available from ALBA, production is expected to expand to 90,000 metric tons a year. It has now started a joint-venture factory — Aluwheel — with the German company BBS Kraftfahrzeugtechnik of Schiltach to make wheel castings. Al Zayani Investments, which owns 51 percent of Midal Cables, is also the major shareholder in Aluwheel.

Khalid Rashid Al Zayani, one of the island's leading entrepreneurs and chairman of both the investment group and Midal Cables, has an eye on future developments.

"One of the things we have been looking at for Midal is making aluminum tubing for use mainly in car radiators," says Mr. Al Zayani. "We are already trying to market the tubes to manufacturers in France, Germany and even Japan." He is also looking at other possibilities



This coil of sheet was hot-rolled from a 10-ton slab ingot by the Gulf Aluminium Rolling Mill Company (GARMCO) in Bahrain, one of the many downstream industries in the country.

for using aluminum-based components for the auto industry; these include pistons and cylinder heads.

The new Aluwheel factory, located alongside the cable factory adjacent to the smelter, will be producing half-a-million wheel castings a year starting this December. "Our eventual target will be 1.5 million a year when we go into full production," says Mr. Al Zayani. The plant, which will have nearly 70 Bahraini workers, will use about 5,000 metric tons of aluminum in the first year.

"We are going to produce a really good-quality wheel at a very competitive price," he says. "We are not going to let the price element affect the quality." One of the first customers will be Germany's BMW factory. According to Mr. Al Zayani, his German partner BBS is planning to move part of its research-and-development unit to Bahrain. "This will give us a new engineering technological advantage for the future," he says.

Bahrain scored another first for the aluminum industry in the Gulf with the formation of the Bahrain Aluminium Extrusion Co., which is 100-percent government-owned. Balexco began production in March 1977 following a feasibility study and cooperation agreement for seven years with Alusuisse. Its first customer was a local company, Al Zamil Aluminium.

The factory was originally built with a designed capacity

of 2,700 metric tons a year and an anodizing capacity of 2,200 metric tons. The latter is now done by one of the Al Zamil factories. Balexco was expanded in 1980 and again in 1983, giving it a capacity of 6,000 metric tons a year of extrusions. In 1980, it also obtained a license to produce the Technal range of products, which enables the smallest factory to manufacture highly sophisticated, architectural structured extrusions using simple kit-form tools. Today, the factory makes a wide range of products, including flagpoles, lighting columns, goal posts for football and handball, bus-stop shelters, telephone booths, doors, windows and balustrades. "Now we are looking at expanding again and diversifying our product range," says Ali M. Al-Abbasi, Balexco's technical manager. One project still at the planning stage is a joint venture with an Italian group, which would use some 15,000 metric tons of aluminum billets a year.

Balexco is also looking at a joint venture with a Korean group to establish an auto-wheel plant. Balexco would have a 15-percent share, and the factory would use up to 30,000 metric tons of aluminum a year. The wheel plant would create up to 100 new jobs, in addition to the existing 270 at Balexco's extrusion plant. If the extrusion plant were expanded, another 40 workers would be needed. At present, 84 percent of the labor force is

Bahraini. A powder-coating factory is also under review, and another project to manufacture aluminum handles and fittings for doors and windows is being studied.

The first downstream industry was being planned even before the ALBA plant was completed in 1971. This was Bahrain Atomisers International, one of the few companies in the world manufacturing atomized aluminum powder. BAI started production in May 1973. It was originally a joint venture with Johnson and Bloy Holdings of Britain and Eckart Werke of Germany, through their shareholding in the smelter with Breton Investments; the latter is now the only other shareholder apart from the Bahrain government, which holds 51 percent of the company. BAI had an original design capacity of 3,000 metric tons a year, which was increased to 6,000 metric tons in 1980.

BAI takes the molten aluminum straight from the nearby smelter. The aluminum is driven to the plant in a special refractory-lined crucible. Upon arrival, the crucible is pressurized and the molten metal blown out through a special nozzle. Powder is formed by using a special combination of temperature, pressure and nozzle size. When the powder is cooled, it is packed for export in either steel drums or "jumbo" polyethylene bags containing up to 1,000 kilos (2,200 pounds) of atomized powder. It is widely used in manufacturing paint, ink, fabrics, expanded concrete, petrochemicals and steel and as a component for rocket-propulsion fuels.

The most significant downstream development was the opening of the \$100 million Gulf Aluminium Rolling Mill Co. in 1986. Garmco was another first for the Gulf. It was a joint venture with Iraq and six of the seven states

Downstream industry underpins economy

of the Gulf Cooperation Council (Bahrain, Kuwait, Qatar, Oman, United Arab Emirates and Saudi Arabia). The initial plan was to supply the shareholders with up to 40,000 metric tons a year of rolled aluminum sheet. The first year's production of 22,000 metric tons exceeded all expectations, and further expansion took place.

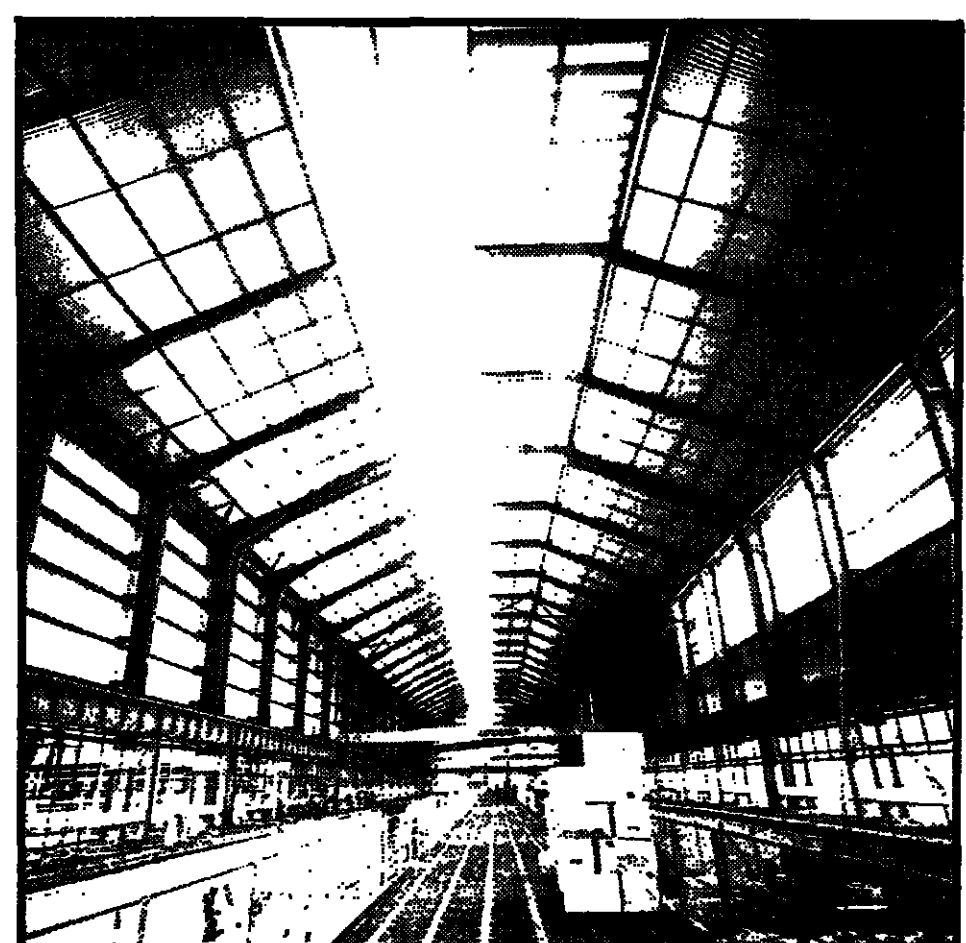
"We are now producing some 65,000 metric tons a year," says General Manager John Paterson. "Originally, we were selling our products to Europe and North America. Now the target area is the Middle East. We see a big growth market in the can industry, which is rapidly expanding. Some 50,000 metric tons go from Garmco for can ends, bodies and tabs." Mr. Paterson would like to see more capital investment in the plant to meet higher specifications for the can industry, which requires thinner rolled sheets. This means installing new rolling mills that would squeeze ALBA's 10-ton rolling ingots down to sheeting 0.2-millimeter (0.008-inch) thick and as little as 0.15-millimeter thick for the lithographic industry.

Costs have been reduced significantly over the past two years, and annual output per worker is now approximately 132 metric tons. This year has seen several record production runs from the mill. In May, average weekly production was 1,300 metric tons; in June, it rose to 1,572 metric tons. A standard coil of foil is 7,000 meters (23,100 feet) long and weighs 5.2 metric tons.

Mr. Paterson believes the time has come for Garmco to reposition itself in the marketplace and take advantage of increasing demand by the canning industry in the region. A proposed Coca-Cola plant in Bahrain would require 75 million cans a year, representing almost 70 percent of Garmco's current production.

With the various expansion plans and new downstream manufactured products coming onstream, the question raised by some businessmen is whether or not ALBA's massive expansion program will have to be further extended in the future to meet quality demand at home and abroad.

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Night and Day, Nonstop Transport of Materials

Every 24 minutes night and day, a 40-ton heavy truck rumbles the 11 kilometers (6.8 miles) along the causeway road from the marine terminal to the plant. Its load? Alumina oxide, the basic raw material from which aluminum is made. Alumina oxide is shipped from Alcoa's bauxite mines in Western Australia to the terminal,

which has been constructed on an artificial island. Before the plant expansion, the alumina oxide was off-loaded from the ships and carried to the plant by an overhead bucket ropeway. This will now carry petroleum coke (another ingredient for the aluminum-manufacturing process), which is also delivered by sea, and alumina oxide only in an emergency. A new road links the terminal with the mainland so that a continuous supply of alumina oxide can be transported nonstop 365 days of the year. If supplies of alumina oxide are interrupted for any length of time, or the electrical power fails, smelting comes to a halt.

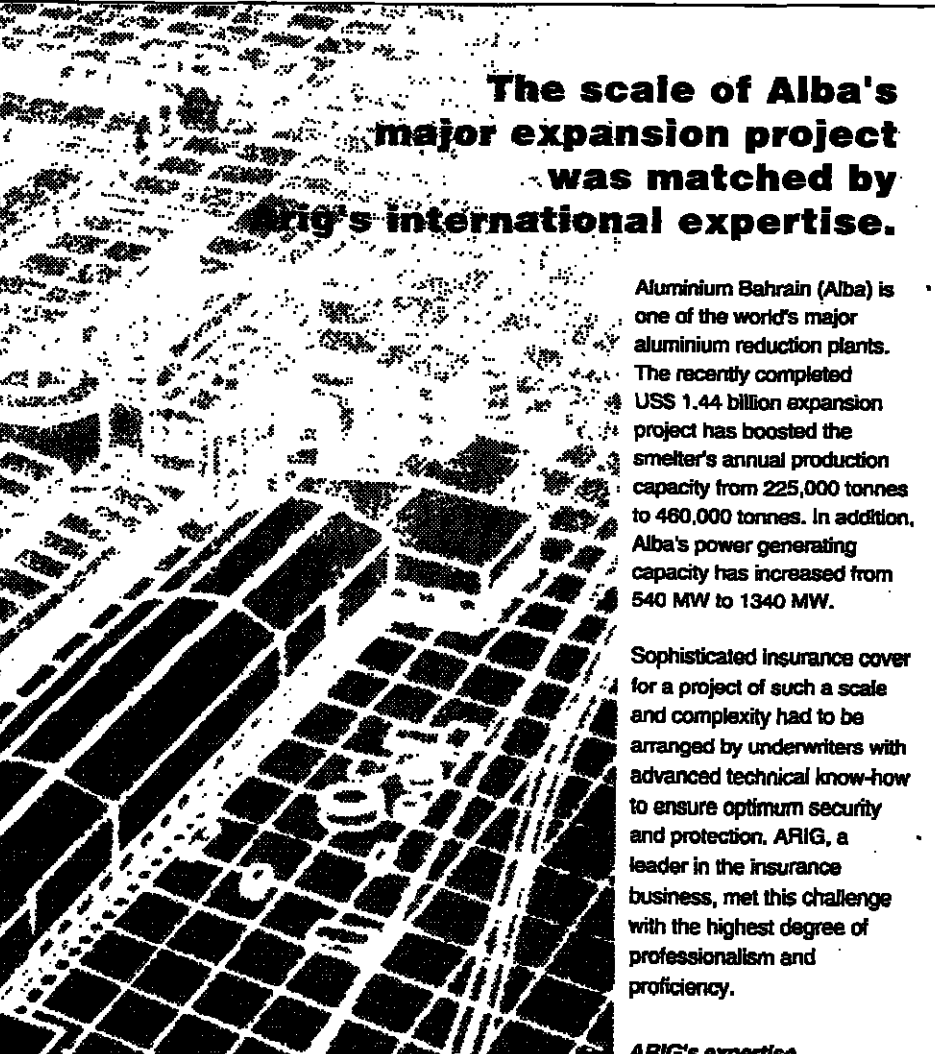
The alumina is carried in five trucks, which run the regular shuttle service; two smaller vehicles are used as standbys or for distributing some of the alumina within the plant area. The shuttle-run involves moving 2,400 metric tons a day. Special storage and delivery silos with ancillary handling equipment for the alumina have been constructed or improved to convey the massive quantities of the material required for the smelting operation.

"Because of the volume and the number of different delivery points, the handling system has been a complex operation," says Klaus W. Lehner of Klockner Industries-Anlagen. The company was responsible for constructing

the various material-handling systems for the alumina, petroleum coke, pitch, cryolite and fluorspar. Some of the materials, apart from the alumina and coke, are shipped to Mina Sulman, Bahrain's main port, and taken by road to the plant.

The work involved modifying the alumina-loading system at the terminal, constructing a 2,500-ton silo for emergency supplies of alumina and building two 12,500 storage silos for the new potline. Alumina is fed to the pots by a special conveyor.

The materials for the smelting operation come from all over the world in huge quantities to manufacture 460,000 metric tons of aluminum a year. M.F.



The scale of Alba's major expansion project was matched by ARIG's international expertise.

Aluminium Bahrain (Alba) is one of the world's major aluminum reduction plants. The recently completed US\$ 1.44 billion expansion project has boosted the smelter's annual production capacity from 225,000 tonnes to 460,000 tonnes. In addition, Alba's power generating capacity has increased from 540 MW to 1340 MW.

Sophisticated insurance cover for a project of such a scale and complexity had to be arranged by underwriters with advanced technical know-how to ensure optimum security and protection. ARIG, a leader in the insurance business, met this challenge with the highest degree of professionalism and proficiency.

ARIG's expertise, international resources and proven track record of providing tailor-made insurance cover endorse the Company's ability to underwrite large-scale ventures such as the Alba expansion project anywhere in the world.



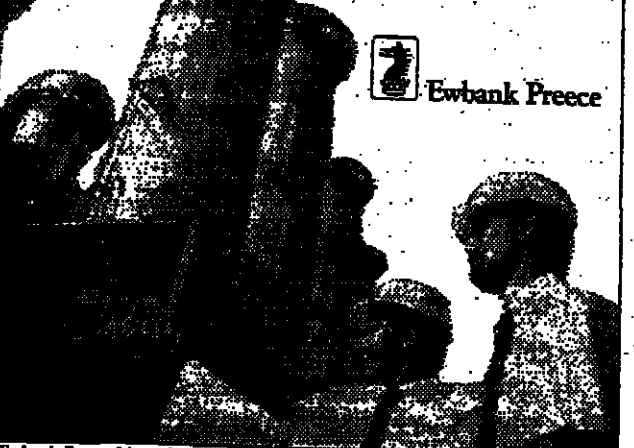
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A Lightweight Metal Is Heavy on Power

Aluminum's ore-to-metals equation has a pleasing simplicity. Four metric tons of bauxite, the basic raw material from which aluminum is derived, yields two metric tons of alumina, the intermediate product in the chain, which in turn produces one metric ton of primary aluminum out of the smelter gate.

Several other ingredients are needed along the way, but the overriding requirement in aluminum production is energy; most of this is consumed as electricity at the smelting stage, during which alumina is converted to metal.

Just how energy-intensive aluminum production is, can best be seen by comparing its need for energy with those of other everyday materi-

Aluminum's overriding requirement is energy

als. Aluminum production requires about 20 times the energy needed for cement manufacture, 10 times that used in glass production and roughly double the energy input required for copper.

Modern smelters such as ALBA consume 12,000-14,000 kilowatt-hours per metric ton of metal produced; energy is used earlier on in the production chain as well, bringing the total requirement to 17,000-19,000 kwh/metric ton, depending on the age and efficiency of the equipment at each stage and the quality of the materials being processed.

The bauxite used by the aluminum industry contains 45 percent to 60 percent aluminum oxide, along with iron oxide, silicon oxide, titanium oxide and water. Although deposits exist in a large number of tropical and subtropical countries, most of the mining activity is confined to a handful of places where large, easy-to-mine deposits exist. Notable producers are Australia, Guinea in West Africa, Jamaica and Brazil. Once out of the ground, the bauxite is crushed, dried and transported to an alumina refinery.

Alumina refineries, which typically have capacities of 800,000 metric tons or more per year, are either sited in the same region as the bauxite deposits or thousands of miles away, closer to the smelters that buy the product. An example of the first scenario is Australia, where significant alumina production capacity now exists on the back of the world's

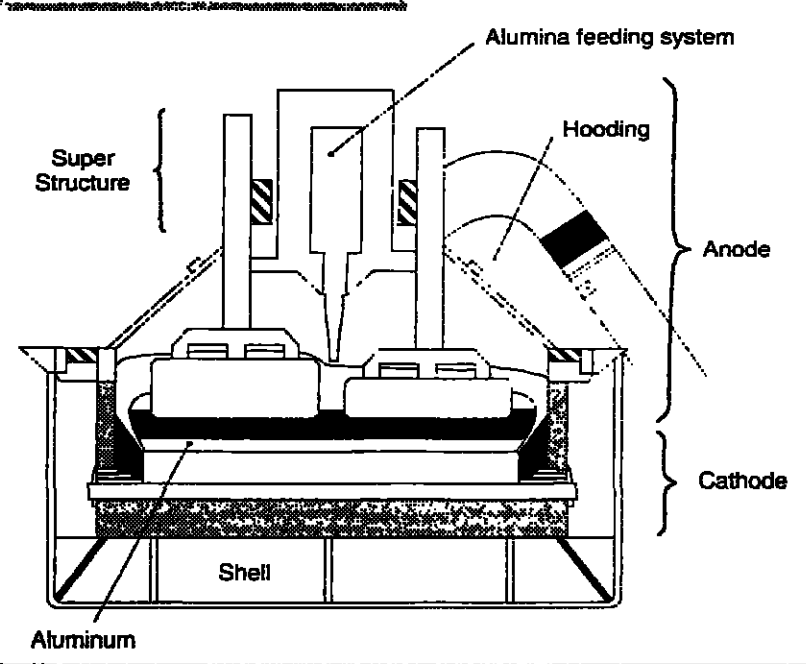
largest source of bauxite, while the United States is perhaps the best example of the latter.

The design of an aluminum smelter and the preferences of its operator very often lead to the choice of a particular source of alumina produced from a specific bauxite deposit, and this does not necessarily mean sourcing from the nearest available alumina plant. ALBA's alumina, for example, is shipped from Western Australia, and the overriding consideration is consistency; a smelter manager is not interested in ever-changing sources for his raw materials.

The conversion of bauxite to alumina is usually via the Bayer process: The bauxite is mixed with liquid caustic soda and then pumped into pressure vessels, where it is subjected to high temperatures and pressures. This is followed by settlement, filtration, precipitation and then calcination in rotary kilns before alumina (Al₂O₃) emerges as a fine white powder ready for shipment to the smelter. Although alumina is the principal raw material for a smelter, others — including coke, coal tar pitch and cryolite — are needed.

Aluminum is produced in electrolytic cells or "pots," which have carbon anodes and cathodes and an electrolyte in which the alumina is dissolved. The cells are long, rectangular, shallow steel containers measuring up to 10 meters x 3 meters x 1.5 meters (33 feet x 11 feet x 6 feet); these are lined with refractory bricks and carbon blocks produced by baking a mixture of metallurgical grade coke and coal tar pitch. They have multiple anodes (rectangular blocks made from a baked, compressed mixture of petroleum coke and coal tar pitch) suspended in the

Alumina Feeding System



electrolyte from above the cell. Alumina is dissolved in the electrolyte (a mixture of cryolite — a fluoride of sodium and aluminum — and aluminum fluoride held at a temperature approaching 1,000 degrees C. or 1,832 degrees F).

The carbon anodes are usually produced on site; the so-called "pre-bake" anodes are preferred to Söderberg anodes, which are baked while in the cell, largely because higher environmental standards can be achieved, but also because they offer better power performance.

In the little over 100 years in which aluminum has been produced commercially, the electrical-current rating of these pots has increased steadily; today, such recognized leaders as France's Pechiney use cells with a rating close to 300,000A.

Since only a small voltage is required per cell, large numbers of pots can be connected in series, the cathode of one pot coupled electrically to the anode of the next. ALBA's new potline, for example, has 288 cells and stretches for a distance of almost one kilometer (0.62 mile).

Within each cell, the electric current flowing from anode to cathode through the electrolyte reduces the alumina to aluminum metal (which settles to the bottom of the cell) and oxygen (which burns off carbon on the anodes). About 0.5 kilogram (1 pound) of carbon is consumed for every kilogram of metal produced.

As smelter design has advanced, so the energy required to convert alumina to aluminum has decreased.

Today, smelters operating at 12,500-13,500 kwh/metric ton of metal are at the leading edge of the technology. ALBA's new potline is designed to operate with an energy consumption of 13,200 kwh/metric ton — a very similar figure to that for several other new smelters or expansions around the world, for which Pechiney's technology is proving the most popular choice.

Potlines and thus smelters have grown in size over the years with individual lines commonly in excess of 200,000 metric-tons-per-year capacity. Since it is not unusual for smelters to grow in stages, plants well in excess of 400,000 tpy are becoming less rare, and ALBA's 235,000-tpy expansion will raise its total smelter capacity to about 460,000 tpy.

Because of the significant energy needs, primary aluminum production has increasingly gravitated toward regions of low energy cost rather than to where the metal is most needed. Japan, for example, now has negligible smelting capacity. This usually means that plants are built in areas of abundant hydroelectric power, where oil or gas is cheap.

The Gulf is an example of the availability of oil-based energy making smelting attractive. Captive sources of such fuel make gas- or oil-fired power stations economic.

Although much time is devoted to reducing the power consumption of aluminum smelters, with a lot of attention being paid to such factors as magnetic balance and the application of computerized process control and automation systems to optimize operating parameters, overall plant design has advanced to the point where manning levels today are a fraction of what they once were. The day-to-day supervision of hundreds of pots, for example, can be done by a handful of operators using overhead cranes.

The standard commodity shapes are cast by pouring the molten metal into individual molds, but rolling ingot and extrusion billet are continuously cast through a shallow mold with a retracting base, which chills and solidifies the metal as it goes through and can produce large ingots or multiple billets with one cast.

It is in the meltshop's holding furnace that the composition of the metal can be adjusted to produce whichever alloys are required for a particular cast. Aluminum alloys are designated by a 4-digit notation. For example, aluminum-copper alloys are grouped in the 2000 series, manganese-containing alloys in the 3000 series and magnesium-silicon alloys in the 6000 series.

A Home Without Aluminum? Don't Even Consider It

Have you ever stopped to wonder what your home life would be like without aluminum? Of course not. You just take it for granted.

If there were no aluminum foil, you would have to wrap all leftovers in that other sticky, clingy food wrap. And how could you bake potatoes and holiday turkeys?

What would keep the cold chill of winter out if not for aluminum window and door frames? The very roof over your head may be covered with heat-reflecting aluminum coating, and the lightning rod that may one day save your life is made of aluminum. And how do you get up to the roof? On a lightweight aluminum ladder, of course. And where would the world's couch potatoes be if that aluminum antenna up there were not bringing in the television signal?

What would American suburbs look like without aluminum siding?

How would their residents lounge around in the backyard without aluminum-frame lawn furniture? Don't forget the aluminum chain-link fence that keeps the dog from running away or the explosive aluminum powder that sets off your holiday fireworks. And what if there were no aluminum chlorohydrate in your personal antiperspirant... well, let's not think about the consequences.

Speaking of personal hygiene, you probably aren't aware that the only reason your toothpaste squeezes out so easily is because the tube is made of aluminum.

Your bicycle and lawnmower would be a lot heavier to lug up from the basement every spring if it were not for their lightweight aluminum components. And wouldn't you be embarrassed if your kid wanted to be the next Hank Aaron and you couldn't afford a wooden bat? Luckily, less-expensive aluminum bats

are now available and are even being used by U.S. college teams.

Let's talk about cooking. You might starve without your aluminum pots and pans. Tea time wouldn't be the same without the aluminum tea kettle, one of the earliest uses of cast aluminum. By the way, if you own any cast or hammered aluminum cookware made in the 1930s, '40s or '50s, it may be valuable. Many of these handsome and nearly indestructible items are now collector's items. Perhaps we should hold on to those aluminum trays that frozen foods come in. Who knows?

Aluminum helps us to keep things together. Have you ever wondered why the staple in a tea bag doesn't rust? Because it is made of aluminum. And why those little twist ties used to close plastic bags are so easy to bend? Because they have an aluminum wire inside. Aluminum nails, screws and bolts keep a good

part of our surroundings from falling apart.

Aluminum also protects us from the elements — in the form of aluminum hydroxide, it is used to waterproof fabrics.

We all know that most of the beverage cans we sip our favorite soft drinks from are made of aluminum, but what about the humble bottle cap that has been sealing in the bubbles since the turn of the century?

Now aren't you ashamed of not paying more attention to aluminum all these years?

Heldi Ellison

What's left to "aluminumize"? Maybe our award system. Olympic medals are gold, silver and bronze; anniversaries are silver, golden and diamond; best-selling records are gold and platinum... What accomplishment is worth an aluminum prize? All suggestions welcome.

Paul Millbank

This announcement appears as a matter of record only.



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New Potline No. 4: Nothing But the Best

The government took a bold step in doubling ALBA's output to 460,000 metric tons a year in one dramatic expansion project.

ALBA's expansion project involved building the new No. 4 potline, which uses the latest Aluminium Pechiney technology in the reduction process to turn alumina oxide into metal. The management consultant for the project was Bechtel Ltd. Total production capacity from the new potline is 235,000 metric tons per year, which will have a significant effect on productivity. Twenty years ago, annual production per employee was only 43 metric tons; now it has reached approximately 250 metric tons.

The new potline, which is one kilometer (0.62 mile) long, is probably the most modern and largest in the world. It has 288 "pots," or reduction cells, in addition to the existing 684 cells in potlines 1, 2 and 3, which are all being modernized under an extensive retrofit program due to be completed next year.

ALBA began its smelting operations in 1971 with just two potlines and a 360-megawatt power station. Production in the first year totaled 10,788 metric tons. In 1981, production went up to 170,000 metric tons per year with the addition of the No. 3 potline and increased electrical power-generating capacity. The first 76 of the new generation point-feed reduction cells were started up in 1990, increasing production levels to 205,000 metric tons. In the same year, the government approved a program to retrofit 446 old cells in lines No. 1 and 2.

The expansion project also includes upgrading the existing cast house and building another one (the cast house is where the molten metal is poured into molds and turned into ingots, billets or slabs), as well as another carbon plant for making the anodes used in the reduction process. A new power station has also been constructed.

The retrofit program, which began in 1991, starts with potlines No. 1 and 2, then potline No. 3. The program involves applying advanced technology to extract, treat and recycle gas from the old-style pots and to control radiant heat. This is achieved by installing special hoods over the pots, point feeders for the addition of alumina, fume ducts and gas-cleaning systems. Many process-control systems will be automatic. These measures alone will increase production from the No. 1 and 2 potrooms by 20,000 metric tons per year and reduce manpower by about 15 percent.

The existing cast house was doubled in size primarily to take advantage of the demand for billets and ingots, or slabs, for rolling products. In 1991, major contracts were awarded for the purchase and installation of new melting and holding furnaces with a capacity of 35 metric tons, a billet saw and two homogenizing furnaces, a cooler and direct-chill casting equipment. Production of billets and rolling ingots reached 120,000 metric tons per year and 140,000 metric tons per year by the middle of this year.

A second cast house for standard ingots and alloys was built to handle the extra output from the new potline. After the liquid metal has been brought to the cast house, it is poured into special mixing furnaces to which are added small amounts of silicon, magnesium, copper,

iron, titanium or boron. These ingredients help to ensure that the metal reaches particular alloy specifications. After they have been added, the metal is cast in either solid ingot molds or through special direct-chill casting machines, which have a water-cooled jacket. As the hot metal comes into contact with the cool sides of the mold, it "freezes" into the special shape required. The three ingot casters in one of the cast houses are dedicated to standard ingot production. Each has a throughput of 20 metric tons of ingots per hour. Each ingot weighs 22 kilograms (48 pounds) and is stacked in a special interlocking bundle, which is strapped and stored for shipment. Each bundle weighs one metric ton. The casting machines in the other cast house are used to produce extrusion billets, rolling ingots and T-ingots.

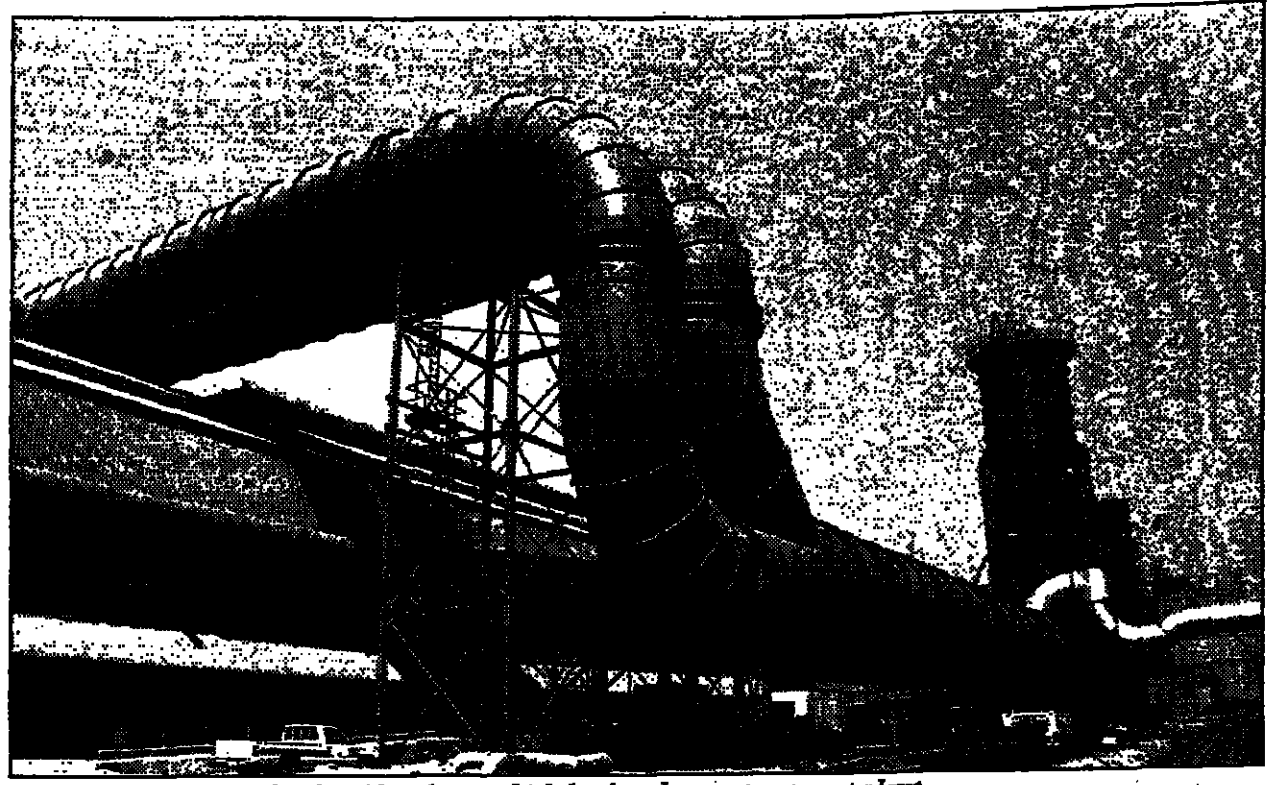
Apart from casting ingots and billets, about 55,000 metric tons of hot liquid metal are transported in special crucibles direct from the potlines. This goes straight to two of Bahrain's existing downstream manufacturing operations — Midal Cables and Bahrain Atomisers — located adjacent to the ALBA plant. Hot metal will also be supplied to the new BBS auto-wheel factory, located nearby, and another wheel plant is expected.

Carbon is used for making the anode blocks, which are suspended on the end of aluminum rods with a steel base above each cell. They are partly immersed in molten cryolite, to which the alumina is added via the point feeders. The carbon-lined cell acts as a negative cathode, while the suspended anodes are positive. Massive electrical current passes between the anode and the cathode, causing an electrolysis process to take place, reducing the alumina, which is dissolved in the electrolyte to neutral aluminum; this is collected at the cathode of the cell.

Each metric ton of aluminum consumes 415 kilograms of carbon anodes. One anode lasts about 28 days before it is burned away. A total of 240,000 metric tons of anodes are made each year in the two anode production plants. These comprise a paste plant, baking kilns and a rodding shop. The anodes are made from petroleum coke, which is mixed with coal tar pitch into a paste and formed into "green" anodes. These are then baked in kilns at a temperature of 1250 degrees Centigrade (2282 degrees Fahrenheit) for 17 days. During the baking, the coal tar pitch evaporates, leaving behind a heat-resistant, electrically conductive carbon block.

Potline No. 4 is the most modern of its kind yet built and is the leading edge of Aluminium Pechiney's reduction technology. Microprocessors monitor and computers control all stages of the manufacturing process. Real-time data analysis gives immediate warning of the slightest problem. Routine processes like changing the anodes, breaking open the crust on top of the molten metal in the pots and tapping off the newly made aluminum are all controlled from the comfort of a fully computerized, air-conditioned cabin.

M.F.



Fume-extractor ducts for the old potlines, which lead to the gas-treatment plant.

Recycling the Resource That Went Astray

Energy conservation and environmental protection have been top priorities for the ALBA expansion project, one of the cleanest in the world.

Pollution should be regarded as a "resource that has gone astray," says Gudvin K. Toft, ALBA's chief executive, who has taken a strong personal interest in making sure that ALBA is now one of the

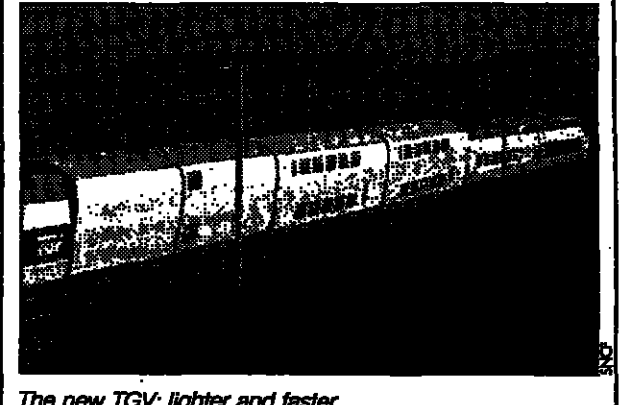
waste gases from the gas turbines are led through waste-heat boilers, which produce steam to drive two steam turbines. The gas from the reduction cells in the potlines and the anode-baking kilns is cleaned by "dry scrubbing" units in a massive, closed-fume-control and fluoride-recovery system called the fume-treatment plant.

One of the safest smelters ever built

"most environmentally friendly and cleanest" smelter operations in the world. "Taking care of the environment brings direct cost savings to the compa-

ny as well," says Mr. Toft. Part of the gas-cleaning system in the potlines enables the company to reclaim 13,000 metric tons of fluorides a year from the reduction process.

The ALBA expansion, which involved the construction of the new potline No. 4 and power station No. 3, presented environmental engineers with an unprecedented task: to produce the cleanest and most economically effective operations possible. In the power station,



The new TGV: lighter and faster.

Trains Lose Weight And Gain Speed

Aluminum plays a vital part in the new generation of double-deck high-speed trains now being tested in France.

The third-generation TGV, or train à grande vitesse, is the result of a research program costing 450 million francs (\$83 million) undertaken by the French railways, Société Nationale des Chemins de Fer Français (commonly known as SNCF), in collaboration with GEC Alsthom. It is planned that the new high-speed trains will be carrying passengers by 1993. The new TGV will run at 350 kilometers (217 miles) an hour, which is 50 kilometers an hour faster than the TGV Atlantique. It will have a redesigned power unit, delivering 50 percent more power, and a new braking system. But the crucial difference is the extensive use of aluminum (and some composites) to replace the steel used in earlier versions of the TGV. This means that the weight of 17 tons is brought down to 16 tons, though there are now two decks and 40 percent more passengers. As well as providing strength with lightness, the use of aluminum will save money on maintenance. K.M.

'Smart' for Comfort and Safety

"Engineers on wheels" is how one might best describe the slightly unusual know-how provided by the Italian group, Techno Car of Limena, Padua. Techno has been providing intelligent mechanical power for the primary aluminum industry for more than 30 years. It is also concentrating on engineering design to modernize out-of-date

processes and equipment in the aluminum smelting industry. Since ALBA first began back in 1971, it has supplied a total of 42 specially designed mobile trucks, or "cars," which perform difficult and potentially dangerous tasks in the pot rooms. These tasks cannot easily be done manually. They often involve handling very hot metal de-

VICES used in the reduction process. These include changing the anodes and distributing the fluoride and cryolite, point feeders and crust breakers. The company has also provided the fume wall rig in the anode bake house as part of the expansion. "What we are trying to do," says a company director, "is to improve the operator's working conditions and environment in the pot rooms by introducing semi-automatic vehicles and equipment with high comfort and safety standards."

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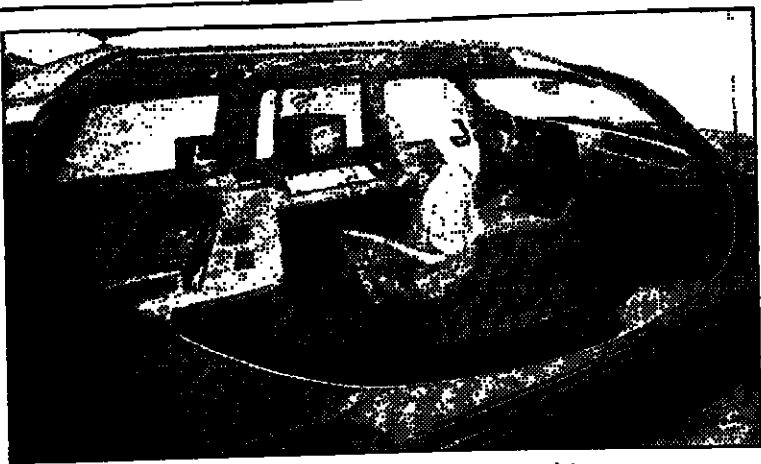
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ADVERTISING SECTION



Auto assets: aluminum's light weight and corrosion-resistance.

Cars Take the Light Road

The average American car contains at present about 176 pounds (79.8 kilograms) of aluminum, according to Ford. The company estimates that this will increase to 500 pounds by the year 2005.

The "magic metal" (as National Geographic Magazine called it) faces some competition in the automobile industry from plastics, ceramics and composites and has always been a rival of steel. But it is winning.

A large vote of confidence came in October 1992, when the Aluminum Company of America (Alcoa) announced that it was to spend \$70 million in building a first-of-its-kind plant in Soest, Germany to produce aluminum components for automobile "spaceframes."

The spaceframe concept has been under development for seven years and is just coming to fruition. The first customer for the Soest plant spaceframe components will be Audi, but Alcoa hopes the plant will have customers from other manufacturers.

General Motors plans to produce cars based on aluminum spaceframes at a rate of 10,000 a year from 1993. Ford has shown a "concept" sports car called the Contour, which is based on a spaceframe technology developed by Reynolds Metal. Japanese manufacturers are also committed to using more aluminum: Honda's NSX sports car is the most aluminum-intensive on the road, containing 1,000 pounds of the metal.

The spaceframe concept is a significant departure from traditional methods. As Alcoa explains it, instead of spot welding as many as 300 stamped-steel components to form the car's structure, fewer than 100 aluminum extrusions and inter-

connecting aluminum-die-cast nodes are robotically welded to form the spaceframe structure. A limited number of aluminum sheet components, such as inner fenders and floor pans, are attached to complete the body.

Paul H. O'Neill, chairman of Alcoa, describes the spaceframe as "the single most significant program Alcoa has ever developed for, and with, the automotive industry." The benefits, he says, "go well beyond the expected attributes of aluminum, such as light weight and corrosion-resistance."

He adds that it helps set "new contemporary standards for manufacturing efficiency, performance and passenger comfort, while meeting the increasing social demands for safety, fuel efficiency and recyclability."

Recyclability is certainly a big advantage. In the United States, about 85 percent of all automotive aluminum scrap is recycled, and there are about 220 vehicle-shredders working in the United States. The coming increase in use of aluminum will create challenges for the recycling industry: aluminum is difficult to separate from general scrap, whereas waving a magnet will bring out steel parts. Furthermore, aluminum panels are affected by paint and by long exposure to the atmosphere, making them difficult to handle.

These problems are not insoluble, however, and the huge advantage of aluminum is that it has a high scrap value, can be used again and offers no threat to the environment. In Germany, legislation is pending requiring automotive materials to be recyclable by the year 2000.

K.M.

Power, Spider Control And a \$525-Million Deal

The economic return on manufacturing aluminum by electrolysis hinges on making as much metal as possible with the minimum amount of electrical power.

The making of aluminum is a complex, 24-hour-a-day, 365-day-a-year operation that depends on a continuous supply of alumina (the basic raw material) and huge amounts of energy.

According to ABB Kraftwerke of Mannheim, about 13 kilowatt-hours of electricity are needed to produce one kilogram (2.2 pounds) of aluminum. If the power supply fails, the molten alumina will harden in the reduction cells, or "pots," after about four hours. The restart of a solidified potline is a difficult, lengthy and expensive process.

With the expansion of the smelting process and the doubling of production that resulted from the open-

use, producing another 60 megawatts.

The new power station will help provide a total of 1340 megawatts at an ambient temperature of 15 degrees centigrade (59 Fahrenheit). Its main purpose has been to provide energy for the new potline and to integrate energy supplies to the other three potlines. Any surplus energy, which might amount to as much as 250 megawatts, will be fed during periods with peak demand into the national grid by the summer of 1994 through a new 220-kilovolt link to the original Riffa Power Station.

Because of increasing power demands, there is likely to be a shortfall in supplies to the island's electricity network. By taking the extra power from ALBA, however, there is now no need for another power station to be built.

"ALBA has now become an integral and essential part of the Bahrain Electricity Directorate's network, which will also be able to meet any unexpected shortfall in power demand by ALBA," said Gudvin K. Toft, chief executive of ALBA, at the September signing of a \$70 million loan with 10 local and regional banks to finance the new link.

ABB Kraftwerke's man on the spot is Wolfgang Godau, the site and consortium manager. Originally from Heidelberg, Mr. Godau coordinates the activities of the four associated companies, three of which are from the ABB family. ABB's Mannheim plant in Germany has provided all the turbines, six waste-heat boilers and the entire electrical system with generators, transformers and switch gear.

The gas turbines are massive pieces of equipment weighing 178 metric tons each, and the generators, weighing 115 metric tons, are almost as large. It took about four weeks for the equipment to be shipped from Germany to Bahrain's Mina Sulman port. There, a floating crane lifted them off the ship onto special low-loaders for transportation by road to the ALBA site.

"Our biggest problem has been logistics," says Mr. Godau. "Nevertheless, we have built and installed nearly six complete gas turbines in



Gas turbine and waste-heat boiler stacks at the new power station.

12 months — no mean achievement."

The two steam-driven turbine generators will come into operation in January and April next year. One technical refinement is the closed feed-water circuit with air-cooled condensers. "About one million gallons of water a day are needed," says Brian Stone, of Ewe Bank Preece (EWP), who also stresses the importance of quality control on the project. "Every single nut and bolt has been inspected on this job at the stage-by-stage inspections. We have to anticipate trouble before it occurs."

The new power-generation system has been designed as two independent modules, each with its own state-of-the-art computerized control systems operating from a central control room. This so-called "Spider" control system from ABB Sweden also looks after the No. 1 and No. 2 power stations. A British company, Switchgear & Instrumentation, won a \$6.4 million order to supply low-voltage switchgear and distribution-control systems. Some of the equipment was made in stainless steel for the first time.

ABB SAE Sademi has provided the various transformers, gas-insulated switch gear, cooling condensers and water-treatment plant — a dou-

ble-reverse osmosis system. Antonio Craparotta, managing director of ABB SAE Sademi, notes the close collaboration between members of the consortium. "I hope this collaboration will continue to be as fruitful in the future," he says, "and that ABB SAE Sademi will continue to contribute its know-how in power generation and distribution and infrastructure projects in the Middle East."

Another member of the ABB family, ABB Process Automation, has provided the main power link from the generators to the actual aluminum-manufacturing process. Some of the transformer-rectifier units ("rectifiers") were at the leading edge of some very specialized technology. The units convert the 132-kilovolt power supply from alternating current to direct current with an output of 300,000 amperes, used to "drive" the electrolytic process in the reduction cells. The six rectifiers, which weigh 165 metric tons, contain a massive 72-ton electrical coil used to produce the ultra-high direct current. "It was the first time that this size of rectifier had ever been built in one piece, and we had a few teething troubles," says Günter Wiesel, ABB Process Automation's superintendent engineer. "But that's normal for something like this."

M.F.

5 Dimensions of Aluminium



Bahrain Saudi Aluminium Marketing Company (BALCO) - is responsible for marketing Bahrain and Saudi Government's combined 97% off take of primary aluminium from ALBA and Bahrain Government's 51% (3,000 per annum) Off take of atomised primary aluminium powder from Bahrain Atomisers International.

BALCO exports the products from ALBA and BAI to the Far East, South East Asia, The Indian Sub-Continent, the Middle East and Europe. BALCO in addition, supplies a sizable quantity for consumption by down stream Industries in Bahrain.

In addition, BALCO purchases aluminium for resale and trades in international aluminium consuming markets.



Bahrain Aluminium Extrusion Company (BALEXCO) - established in 1977 and operating at a capacity of 6,000 tons per annum is one of the leading high quality extrusion suppliers in the Gulf.

Currently 20.73% of the Company is held by the private sector from the G.C.C. and the balance by the Bahrain Government.

Extrusions are produced according to international standards and specifications for a range of applications and customer's own requirements.

Balexco is also a licensee for Technal-France and Aluisse aluminium systems.



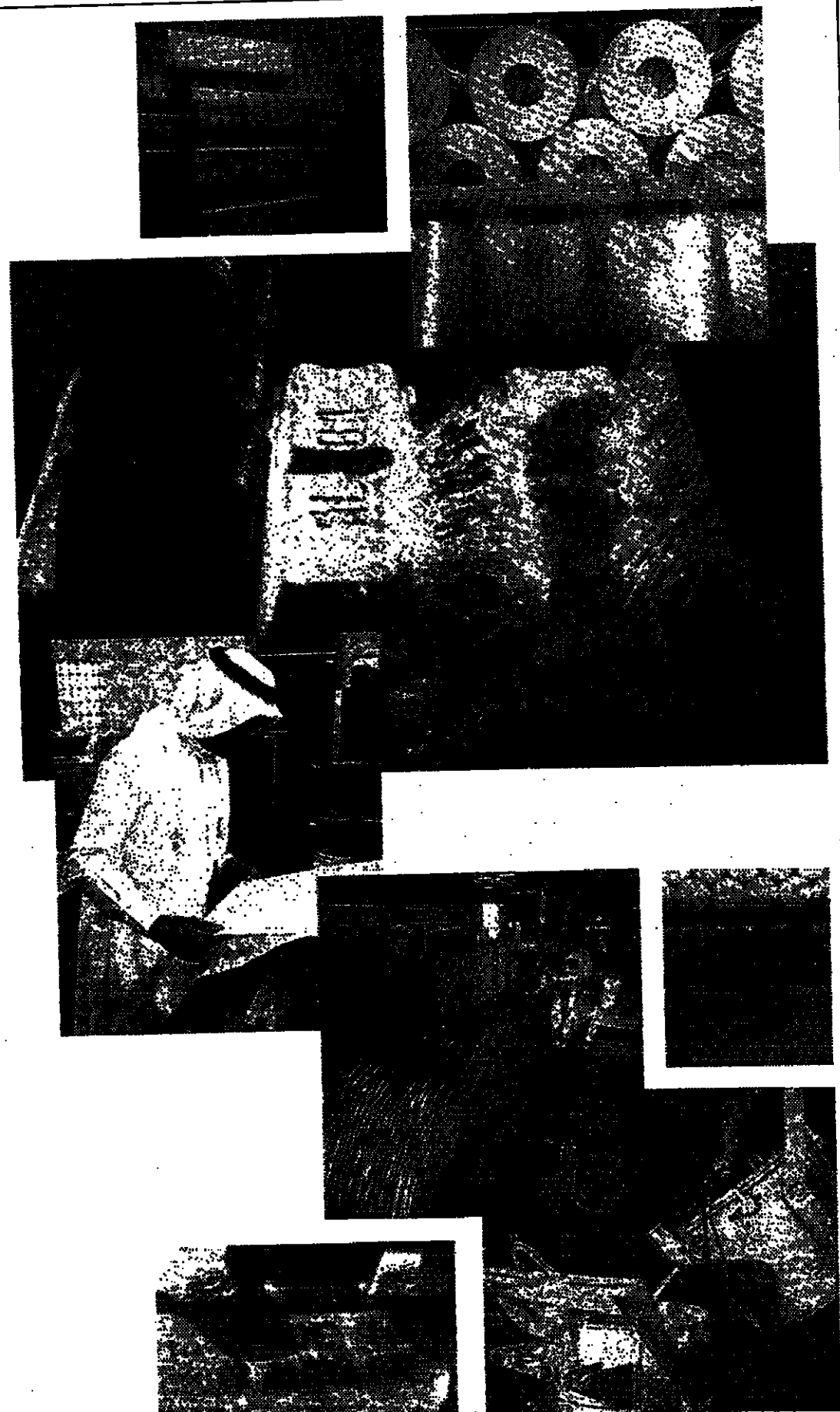
Midal Cables - Since production commenced in 1978 Midal is one of the few companies in the world producing aluminium alloy rod and the first to do so in the Middle East. The company has also manufactured 75,000 tones of overhead conductor for export, to countries in Asia, Africa, the Middle East and the United States. Midal Cables produces and markets a comprehensive range of aluminium, aluminium alloy and steel reinforced bare overhead conductors and redraw rod. Midal also produces a wide range of conform products such as aluminium solid sector for power cables, aluminium strips for transformer winding and aluminium tubing for radiators, heat exchangers and condensers. In consultation with clients, Midal can formulate and supply products to any particular specification required.



Gulf Aluminium Rolling Mill Company (GARMCO) - the plant is one of the largest and most important ventures to be undertaken in the region. Consistent high quality production has enabled the company to market its products in most major markets of the world. Today, GARMCO products are exported to North America, Europe and Japan, in addition to servicing the needs of the Middle EastGCC countries. Although GARMCO is the youngest of Bahrain's downstream aluminium industries, its rapid growth in a relatively short period augurs well for the future.



Bahrain Atomisers International (BAI) - established in 1972 as the first downstream industry designed to utilise the metal produced by ALBA. Bahrain Atomisers International is one of the most prestigious companies in the world producing atomised aluminium powder for use in paints and explosives.



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Gulf area. We are proud that our skills and technology are accompanying ALBA on their way to the very top of the world's aluminium industry. *ABB Kraftwerke AG - ABB's power generation company in Germany.*

ABB Sae Sadelmi. Thanks to 70 years of experience in general contracting, we have learnt to tackle the issues associated with even the most complex projects such as the ALBA combined cycle power plant. We are delighted to have contributed to ALBA's expansion and success in the aluminium industry through our engineering and construction capabilities and total quality focus. 55,000 MW in steam, gas and combined cycle power plants installed all over the world are proof of our expertise in this field. *ABB Sae Sadelmi - Italian know-how and capabilities.*

ABB Process Automation. The unique nature of the aluminium production process demands the highest standards of performance and reliability. That is why ALBA chose ABB as the supplier for the crucial 300 kA/1300 V rectifier and auxiliary power front end for Potline 4. State-of-the-art technology and long experience: these are the keys to ABB's success, and have put ALBA at the leading edge of world aluminium production. We are proud to have been associated with ALBA's fine achievement. *ABB Process Automation AG - ABB's industrial process company.*

ABB Flakt Norway. ALBA has given environmental protection the highest priority. They demanded the most environmentally effective technology available. It was our pleasure and our challenge to meet these demands. Using know-how and experience gained over 40 years on more than 200 projects, we supplied cleaning plants that will treat seven million cubic meters of gas per hour with a cleaning efficiency close to 100%. Instead of being emitted as pollutants, 13,000 tons of fluorides, as well as valuable alumina, are recovered annually. *ABB Flakt Norway - Environmental Technology for Quality of Life.*

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Sailor and 'People Person' Is Smelter's Chief Executive

Gudvin K. Tofte is the Norwegian-born chief executive officer of ALBA. More comfortable in overalls than in a suit, he calls himself a "people person."

Mr. Tofte joined ALBA in August 1972. He came up from the shop floor, worked in the pot room — where the aluminum is made — and became production manager and eventually manager of the plant in 1976. He became general manager two years later. In 1983, he became CEO.

"It helps to know what the problems are likely to be and how they can be put right," says Mr. Tofte, who tends to speak in short, animated bursts of conversation. He admits that he is much more at

wrong specification, he was regarded as an upstart and told to keep his mouth shut by a colleague. That person turned out to be the plant manager who summoned the young Mr. Tofte to his office the next morning.

He recalls what happened: "The manager apologized and told me that when he got home, he had read some papers and found my theory was correct. He then offered me a job in a year's time when I qualified — at 10 percent more than the going rate. In fact, I did much better."

little aggressive. Perhaps so. I like to get straight to the point." He does not like bureaucracy or routine. He hates writing memoranda and reports, and even reading them sometimes is a trial. "Anything more than one-quarter of a page is too long," he says. "I look at it and write 'O.K.' on the bottom, maybe 15 times a day. Very few people come to me with a problem, because I like to come first with the solution and then say whether it is O.K. or not."

He has always tried to create a good environment at ALBA for both working conditions and from the point of view of making it as pollution-free as possible. The environment is one of his favorite topics, even when it comes to boating, one of his main forms of relaxation.

When Mr. Tofte, now aged 52 and a family man with three children, is not at ALBA keeping watch over the expansion, which is probably his biggest challenge, he is more than

"The support we got from the work force was absolutely marvelous"

home in overalls and more likely to be seen around the office in shirt sleeves. "I like to be comfortable and only put on a suit when I really have to," he says.

The fact that he is prepared to roll up his sleeves and get out his tool box (metaphorically speaking these days because so much of the smelter is computerized) and go down to the pot room to solve a problem has won him enduring support from his work force.

"If you are working in an environment where people don't care what you are doing, the standard of work becomes lousy," he says. "The Bahrainis here are very responsive and positive toward increased responsibility themselves."

A senior member of his staff says that Mr. Tofte is "the ultimate hands-on manager. He knows what's what, and he'll tell you exactly what to do." Bankers — for whom he will wear a suit, and there have been a lot of "suit" meetings recently to sort out ALBA's financing — are equally impressed by his managerial and negotiating skills.

Mr. Tofte, the son of a baker from Halsnøy, a small island village in the west of Norway, admits he has been telling people what to do in the aluminum industry since he joined a smelter in his home country as a student trainee at the age of 20. Convinced there was a technical problem in the pot room because of a

That has been very much the pattern of his professional life, even though joining ALBA was only his second job (his first was with an Alusuisse smelter in Norway). He soon came to grips with problems in the ALBA pot rooms and came up with new "know-how" to restart the smelting process in pots that had gone "cold" because of a power shutdown or for other reasons.

"I think one of our greatest achievements here was between 1973 and 1978, when we began to solve some of these difficulties. We then knew where we were going, where we were aiming. It was a very exciting period for us," says Mr. Tofte, remembering some of the highlights of his career in Bahrain.

Another was in 1976-80, when the labor force — 3,000 at the time — was reduced to increase productivity, and more Bahrainis were brought into the plant. Motivation was created by means of a profit-sharing scheme based on cost savings. "The support we got from the work force was absolutely marvelous," says Mr. Tofte.

He has the reputation of fighting hard for what he wants for his work force, whom he feels sometimes regard him as a rather strange fellow. "I am certainly not a typical Norwegian," he says. "Sometimes I am accused of being a



Gudvin K. Tofte, chief executive of ALBA: "The Bahrainis here are very responsive and positive."

likely to be on his motor yacht — with his beeper and mobile phone.

His yacht is a "smoker" (it burns diesel), but he would much prefer a sailing yacht. "From an environmental point of view, it appeals to me. It does not matter whether you go at 7 knots or 27 knots — you will still arrive, and in a sailing yacht, if you have food and water, you can go on forever," he says wistfully.

And the future, now that the expansion is complete?

"I've no plans really," he says. "Maybe I will have a sabbatical for three months — and go sailing." M.F.

Chairman Is Man for All Purposes

One of the most influential men in the development of the aluminum industry in Bahrain is Yousuf Ahmed Al Shirawi, the minister of development and industry and chairman of Aluminium Bahrain (ALBA).

Mr. Shirawi has been closely involved with every stage of ALBA's current expansion project. His involvement goes back to the smelter's earliest days in the 1960s, when he was secretary to the island's Administrative Council.

He calls himself a "multipurpose man," an apt description for this bluff, no-nonsense Bahraini whose role is to take industrial development by the back of the neck and drag Bahrain into the 21st century. Since the beginning, he has always regarded ALBA as the catalyst for greater industrial diversification on the island. His critics likened it to a "white elephant" scheme, but this was not to be the case. ALBA's production and sales soared from 10,000 metric tons a year to 460,000 metric tons annually.

"We have had a quality project from the word 'go' — from the start of production to the last aluminum ingot. Our government has never wavered from trying to achieve this ideal," says Mr. Shirawi. "We are now able to produce some of the cheapest and best ingots in the world. This is going to be a big boost for the island's economy, which will initially benefit from an additional income of more than \$80 million a year."

He hopes the government will be able to reinvest part of this revenue as capital expenditure to create new downstream industries. "We would really like to see more semimanufactured products so as to increase the added value of our products from ALBA," says Mr. Shirawi, adding that there are several projects either at the acceptance or engineering stage. He believes that a number of new projects will start up in the next three or four years, which will also create a number of new jobs.

"I think there is now a greater awareness of the investment opportunities in the island, and we are trying to streamline our procedures for granting licenses," he says. "We are also trying to act as agents for the potential business partners so that we can help foreign companies with visas, draw their attention to local regulations, point



Yousuf Ahmed Al Shirawi, minister of development and industry: "We had to have a quality product from the word 'go!'"

out environmental safeguards and generally assist them with all aspects of planning their new venture."

He is convinced that there has to be a new attitude toward industrial and commercial development. He has a vision of the future in which all services and industries harmonize and develop together.

"The advanced world of the next century will be a new order in the industrial world, which will bring together all the services — insurance, maintenance and travel — under one umbrella," he says.

A new service industry that is growing in importance for Bahrain is maintenance, which is becoming a new technology, according to Mr. Shirawi. He says many companies in the Gulf are now paying the price for not taking into account the effects of the environment — salinity and humidity, which lead to corrosion — on construction work during the 1970s.

"We're not even maintaining our bodies properly," he says with a touch of humor in his voice. Mr. Shirawi is a demonstrative speaker who does not like to waste time as he darts from one subject to another — the price of aluminum, the Kuwait crisis, Bahrain's future and even his daughter's wedding. The subject he keeps returning to, however, is ALBA. M.F.

25 Years: No Trace of a White Elephant

On May 24, 1967, one of the first telex machines installed in Bahrain began tapping away. It was sending a message from the Caltex oil company for Yousuf Ahmed Al Shirawi, director of Bahrain's oil bureau, telling him that an investment group was on its way to the island to discuss building a smelter.

The investment group arrived for talks with the government two weeks later, on the day the Arab-Israeli war started. It was also the beginning of the Aluminium Bahrain smelter (ALBA). In the early 1960s, prior to its independence in 1971, Bahrain was serious-

"The war started, but investors came"

ly concerned about its future economy. "We were all acutely conscious that there would be a day not too far away when our oil would run out — in about 50 years' time," recalls Yousuf Ahmed Al Shirawi, who was director of the oil bureau at the time; he is now minister of development and industry.

"In 1964, we were very concerned," he says. "We had one of the highest population growths in the

region at the time. We began to look at various schemes to improve our economic climate — import substitution, maintenance services for the oil industry and so on. We knew we had huge gas reserves, which then had no value at all. Associated gas was just flared off in the rest of the Arab world. We played around with ideas for fertilizer and petrochemical plants — anything that might use gas as a natural energy source or as a raw material."

It was decided to form a development bureau, which Mr. Shirawi headed; he worked with a teacher, a driver and a messenger. "The teacher was in fact Habib Ahmed Kassim (now minister of commerce and agriculture), and we reported to the finance director, Sayed Mahmood Al Alawi," says Mr. Shirawi, who also recruited a young engineer

from Bahrain Petroleum Company (Bapco) called Denis Jones. Bapco was then owned by Caltex, the Canadian-registered oil company, and it offered to help explore new ideas.

In May 1967, Mr. Shirawi received a report from the "ideas team," advising against any involvement in fertilizers or petrochemicals because there were too many huge plants in Europe. Bahrain would be unable to compete with them. Bapco did suggest, however, that someone should go out and try to sell Bahrain as an investment opportunity. The man chosen for the job was a vice president and former navy submarine commander, Hugh Storey.

He went to the United States and was at a dinner party with some bankers when one of them, Jessica Tyndale, happened to mention that she knew of a group of investors in the

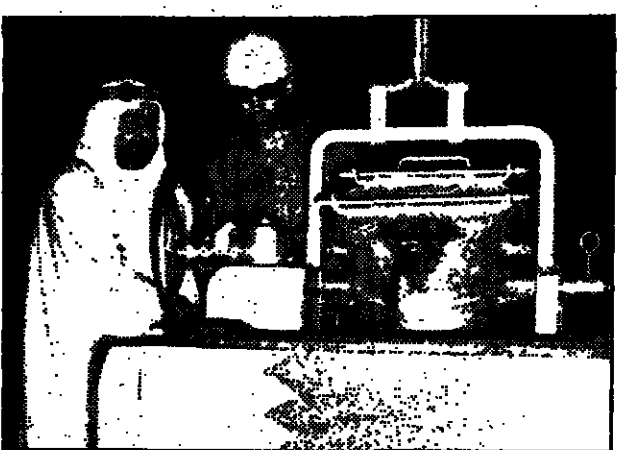
aluminum industry who were looking for cheap energy sources.

"Eventually, that particular contact was passed on to me," says Mr. Shirawi, who remembers only too well the next development. May 1967 was to prove one of the most eventful months not only in Bahrain's history, but also in the Middle East as a whole: It marked the start of the Arab-Israeli War.

"On May 24, we were in the Bapco guest house arguing about accounts and bookkeeping," says Mr. Shirawi.

Then it happened. A message from Caltex clattered out over the telex machine informing Mr. Shirawi that the British Metal Corporation and a banker representing the investors' group would come to Bahrain on June 6.

"I will always remember that day," says Mr.



His Highness the Emir of Bahrain, Sheikh Isa bin Salman Al Khalifa, pours ALBA's first production of aluminum in May 1971.

Shirawi. "There were demonstrations in the streets against the British — but the investors came. Four days later, we had a letter of intent from them to go ahead with a smelter project study."

At the beginning, Mr. Shirawi says, there was no great enthusiasm for Bahraini participation in the project. "Everyone was telling us it was going to be a 'white elephant.' But as it turned out, they were all quite wrong."

Eventually the first syndicate was formed, with the Bahrain government taking 27.5 percent — the largest single shareholding. The other participants were Elektrokoppar (25 percent), British Metal (25 percent), Western Metals (12.5 percent) and Aurora (10 percent).

On Aug. 8, 1968, Aluminium Bahrain was incorporated by charter. The first board meeting took place in Paris on Sept. 8, when R.O. "Nick" Gutteridge, a director of bankers Guinness Mahon, was elected ALBA's first chairman. Mr. Shirawi and Mr. Al Alawi were chosen as directors representing the Bahrain government. Immediately prior to the

board meeting, many of the participants got cold feet because of the political situation in the Gulf and the general upheaval taking place. "They wanted us to guarantee even keeping open the Strait of Hormuz — otherwise, they would withdraw from the syndicate," says Mr. Shirawi. Nevertheless, the British shareholders and others remained.

At the same time, a construction consortium was formed. This was British Smelter Constructors (BSC), whose shareholders were Wimpey, Amari and John Brown Engineering. The initial planned production capacity of the smelter was 56,000 metric tons a year, but this was soon to change. The foundation stone for the new plant was laid by the Emir on Jan. 23, 1969. In May 1971, the smelter was officially inaugurated.

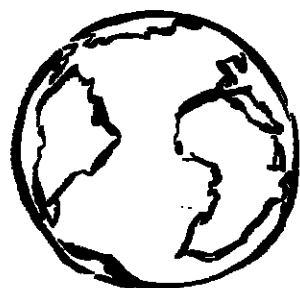
During the next decade, several changes in the company structure took place. Today, ALBA has three shareholders: the Bahrain government (77 percent), Saudi Public Investment Fund (20 percent) and Breton Investments of Germany (3 percent). M.F.

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Moving Up The Ranks: Work on the Fast Track

Eighty-one percent of the 2,300 workers at ALBA are local Bahrainis. More than 10 percent of them have been with the company for 20 years or more.

Typical of long-staying ALBA employees is Ahmed Ghuloom, who has risen from the ranks of pot-room laborer to superintendent.

Mr. Ghuloom, 42, went to the local government school for his early

A laborer in 1971, he now oversees 100 people

education and then continued without a break at the Apprentice School of Bahrain Petroleum Company (Bapco).

He joined ALBA in 1971 and became a "lead man" with a group of five or six workers in the pot room, where the aluminum oxide is processed into aluminum. "We all came for the money, as the salaries at ALBA were much better than those offered by other companies," says Mr. Ghuloom. Bapco, which was one of the biggest employers on the island, offered an average wage of 60 Bahrain dinars, compared with 85 Bahrain dinars at ALBA. Today, supervisors earn about 1,200 Bahrain dinars (\$450) a month. The monthly salary range for ALBA workers is from 300 Bahrain dinars to 1,000 Bahrain dinars a month.

"In those early days, it was tough work," says Mr. Ghuloom. "We had open pots, and the heat and fumes were awful. The temperature in the room averaged 50 degrees centigrade (122 degrees Fahrenheit), and nearer the pots it was, of course, much hotter. And we had to eat where we worked."

After seven months, he was promoted to shift supervisor — a position he maintained until 1974. Then he became pot-room superintendent, in charge of 70 workers responsible for operating a complete line of 114 pots.

Mr. Ghuloom became one of the many workers selected by ALBA to



Inside one of the potlines: pouring new molten aluminum from a tapping crucible for transportation to the cast house.

take technical education courses to help further his career within the company. In 1979, he went to Loughborough College in England to do a two-year course in mechanical engineering. He married just after starting the course and took his wife with him. He now has six children — three boys and three girls. One daughter, Moma, is studying medicine in Bahrain.

In 1981, he returned to the pot room in ALBA. "The course gave me a much wider understanding and better knowledge," he says, "and I deputized as acting manager on many occasions."

He compares the attitude of today's management with that of the early 1970s. "When I joined in 1971," he says, "there were no courses, no training — nothing at all. It was all 'on-the-job' training and experience. We had to learn as we went along. Now it is so different." His education and training are still continuing. Between 1987 and 1989, he studied for an engineering diploma at Bahrain University, and he has also done a diploma course in management studies with Loughborough College. More recently, he was sent to Saint-Jean de Maurienne in France for a six-week familiarization course on the Pechiney technology.

Mr. Ghuloom has been in the unique position of having helped start up some of the first pots in the aluminum-production process as well as the latest ones in the new potline No. 4. He now supervises just over 100 employees in the pot room, where they have been busily bringing the new pots on stream.

"The working conditions today are very different from what they were," says Mr. Ghuloom. "Under normal circumstances, we work an average of nine hours, instead of eight. We start at 6 A.M., and I immediately have a chat with the

night supervisor to see if there have been any difficulties. We do the rounds of the pots, and then he goes off work, leaving me in charge.

"I check the operational procedures and sort out any problems with 'sick pots' — perhaps a pot is not covered properly, for example. These are usually small problems, when things are not done quite right. And then, of course, we have to make sure that all our safety procedures are being followed.

"At 9 A.M., we have a coffee or tea break, which is sometimes combined with a meeting. There is always at least one meeting a day with managers, supervisors and some of the workers to discuss aspects of the job — especially safety, which is most important.

"At 12, we break for lunch — just half an hour. I go to the canteen, where I get a meal for 600 fils (\$0.23). The other shift workers in the potline eat on the job as they cannot leave the production process. Special catering vans come round to them."

Mr. Ghuloom is supposed to finish his shift at around 2:45 in the afternoon; because of the deadline to get the new plant up and running, however, he has had to work many long hours.

"Often, we have been doing an average of 10 to 16 hours," he says. "There has been so much to do — training, learning about new equipment and meeting technicians and contractors. Some of us get extra pay for the overtime, others do not. But we are proud of what we are doing, and we want to do a good job for ALBA."

When he finally finishes work, he goes home, washes up and sleeps for while. "Then, maybe my wife and I go out for the evening. Sometimes I like to go bowling — or play darts," says Mr. Ghuloom.

M.F.

Training Program Taps 'Brain Bank'

When the Aluminium Bahrain expansion project began, the company embarked on one of the largest — and probably the most costly — intensive industrial training programs ever undertaken in the Gulf. ALBA's training program involved more than 250,000 training man-hours costing 5 million Bahrain dinars (\$1.9 million).

About 500 specially recruited Bahrainis as well as many of the existing work force took part in various training programs to upgrade their existing expertise and to learn new operating techniques and skills.

Personnel office gets 20 to 30 applications a day

"We had to concentrate on a two-year program to train people to work on the new potline No. 4, as we had to create an extra-skilled work force," says Ahmad Tahery, who has been ALBA's acting training manager for the last three years. "It has been a great challenge for us. We are responsible for all training in the company, from administration to production."

According to Gudvin K. Tofte, ALBA's chief executive, the company has always been renowned for the high caliber of its employees and their commitment to training. Addressing a group of more than 150 recently qualified trainees earlier this year, he commented: "Such a commitment reflects our conviction that training should be considered neither a privilege nor a gift, but the one avenue we have to continually strengthen the proficiency of our manpower resources."

Today, Bahrainis make up 87 percent of the total work force and 90 percent of the management positions within the company. To a large extent, Bahrain has always had the reputation in the region as being the "brain bank" of the Gulf. Manpower-development strategy applies to all grades of employees. Expatriates are employed on the understanding that a specific part of their job is to help train a Bahraini replacement.

The construction of the No. 4 potline has created another 500 jobs, almost all of which have been filled by Bahrainis.

"We need more intellectual ability these days," says Mr. Tahery. "Our workers have to use their own logic and common sense. Consequently, we have had to do some very extensive training in all production departments so that our workers can familiarize themselves with new techniques and operations."

New workers are generally recruited from two main sources: graduates from the University of Bahrain with diplomas and certificates in engineering, which are equivalent to Britain's Higher or Ordinary National Certificates; and graduates from the local technical schools.

"The first group would consist of students aged around 22 who have never worked before," says Mr. Tahery. "This represents a great challenge for us, as we have had to prepare them for high-tech jobs in the smelter. Our aim is to achieve the highest degree of competence within the industry — and we are doing that. But fine-tuning the mind to new tasks and responsibilities does take time. We do not want people to just press a button and see something happen — we want them to understand why the process takes place."

ALBA works closely with many of its suppliers on training programs to handle new equipment and systems. "For example, some 35 supervisors and superintendents on the production side have been to Aluminium Pechiney plants in Holland and France," says Mr. Tahery. "Others have been to ABB Flakt factories in Norway." About 100 employees in all have been to Pechiney plants.

The training programs have prepared the new work force for the No. 4 potline and the new carbon-baking plant, where carbon blocks are made for the anodes and which is used in the electrolysis process. Employees have also been trained for work in the new power station. More than 50 supervisors and assistants have been to ABB Mannheim in Germany for training; this is part of a \$2 million program.

According to Mohamed Jaffer Shabib, ALBA's personnel manager, there is no shortage of Bahrainis wanting to work for ALBA. "We receive between 20 and 30 applications a day. Unfortunately, there is a very stable turnover of staff. About 10 percent of the 2,300 workers have been here more than 20 years and 70 percent over three years. We offer very competitive salaries compared with other local employers. Nonsupervisory staff begin with a minimum of 250 Bahrain dinars a month in the potline, rising to 300-400 Bah-

rain dinars as trained laborers. They have 28 days leave plus 12 statutory holidays and an eight-hour shift five days a week. We also allow up to 26 days a year sick leave."

There have been major improvements to the working environment over the years, particularly in the potrooms known for high ambient temperatures. "Soon it will be like working in an air-conditioned workshop," says Mr. Shabib. In the past, employees have either left for "cleaner" work or to further their education.

Mr. Shabib says the company is also making every effort to improve environmental safety and working conditions. "This is a maximum priority and an ongoing effort for ALBA," he says. "We try to take every precaution possible, and everyone is trained in safety. It is a fact that 90 percent of all accidents are avoidable."

One of the most successful innovations in labor relations and workers' participation was the formation of a Joint Consultative Committee in 1974. Ten members — five from the work force and five from management — are elected to the JCC every three years. Each department, or sec-

ALBA is renowned for its high-caliber employees

tion, in ALBA also has its own committee, which is elected every three years. "This is the only system of its kind in Bahrain," says Mr. Shabib. "It is important in helping to educate and train our personnel on how the whole smelter operates." Mr. Tofte says that "the JCC is an invaluable tool for fostering a positive and harmonious working environment within ALBA."

ALBA is also generous in medical care; it will send staff abroad for treatment, contributing 90 percent of all costs — including air fares and hotels. All employees participate in a government health-insurance scheme, and some senior management are also insured for life under ALBA's own plan. As part of the company's general welfare policy, low-cost loans are made for housing construction and improvements.

M.F.

TECHMO

To the Government of Bahrain
and the Board of Directors of
Aluminium Bahrain

This is an opportunity for us to thank the
Government of Bahrain and Aluminium Bahrain
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loyal cooperation which have enabled both companies
to achieve very satisfactory results.

It is also an opportunity to express our admiration for
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وكذلك هي الفرصة للتعبير عن تقديرنا
واعجابنا للشعب استطاع في غضون قليل
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ENGINEERING AND KNOW HOW
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Global Outlook: Gulf Takes Center Stage

The center of gravity of the international aluminum industry is shifting, and the Gulf has emerged as a significant leader. Bahrain in particular is taking the lead in aluminum production with its newly expanded smelter.

Since the oil crises of the 1970s, aluminum smelters have sprouted in a number of countries with access to low-cost energy reserves, from which the huge amounts of electricity needed to produce primary aluminum can be generated.

In the Gulf, readily available natural gas fuels

domestic sources; Bahrain, Dubai and Quebec are among those that do not.

Western-world shipments of primary aluminum (virgin metal rather than recycled scrap) have risen steadily, from less than 11 million metric tons per year 10 years ago to between 14 million and 15 million metric tons per year (depending on the state of the world economy).

Asia offers many promising markets

aluminum production. In Venezuela, which has climbed a steep smelter-capacity growth curve in recent years, hydroelectric power is readily available, while Australia has been able to draw on extensive and cheap-to-mine coal reserves in developing its substantial smelting industry.

While the historical cornerstones of aluminum smelting — Europe and North America — have not left the stage, much of the inexorable growth in aluminum demand has been met by the newly emergent producer countries rather than by a correspondingly large investment in new smelters in the longer-established regions.

European production today is very similar to that of five years ago; production in the United States is higher, while Canada — a long-standing producer of the metal — has in recent years capitalized on extensive hydroelectric reserves in Quebec to attract substantial new investments in smelter capacity by foreign companies seeking low-cost metal.

Close proximity to supplies of alumina, the basic raw material in aluminum production, is not a prerequisite to smelting, provided that energy is cheap enough. Australia and Venezuela happen to have

Notwithstanding transient fluctuations in demand, this is a metal with expanding markets. It has a healthy growth record and this is expected to continue, fortified in particular by its strong performance in the packaging and transportation sectors.

In the West, smelter production capacity is close to 16 million tons per year, and the main consuming regions are, in order of ranking, Western Europe (Norway to Greece), North America and the Far East.

The United States, Japan and Germany stand out as the largest individual aluminum-consuming economies. Metal is traded internationally, with its pricing linked to activity on the London Metal Exchange.

While the United States can, on balance, largely cover its needs, Europe has a shortfall of more than one million metric tons per year, and Japan's import needs are well over 2 million metric tons; this appears to leave plenty of scope for sales by the newly emergent producer countries, none of whom have a large demand for the metal in their home markets.

Prior to its new potline coming onstream to boost capacity to 460,000 metric tons per year, Bahrain's ALBA smelter sold the

majority of its output (some 60 percent) within the Middle East region and had significant sales to the Far East and the rest of Asia. With capacity more than doubling as a result of the new potline, sales beyond the region must grow, and Europe is certain to figure more prominently as a target market.

It is unclear how successful ALBA will be in securing new business in North America; the region is theoretically self-sufficient, and it has two new Canadian smelters and two other major expansions barely a year old. Europe would, on the face of it, appear to be a more promising market than North America.

Within Europe, the major buyers of aluminum are Germany, Italy and France. In the medium term, Germany's imports are expected to grow as power tariffs force domestic smelters to close, but major exporters like Norway are close at hand, and France has just commissioned a new 215,000-metric-ton-per-year smelter.

The cloud that has been hanging over all Western smelters for the last couple of years, and which is expected to stay for some time to come, is the behavior of aluminum producers in the former Soviet Union.

The Commonwealth of Independent States has stepped up exports to the West to offset a fall in demand at home and from its former Comecon trading partners, as well as to earn some hard currency to buy raw materials and to maintain and modernize its plants at a time when centralized control is no longer what it used to be.

As a producer of aluminum, the CIS is a significant player, with a smelter

capacity estimated at 3.8 million metric tons per year. Production last year is put at 3.25 million metric tons per year; for the last two years, the region has been shipping around 850,000 metric tons per year to the West — substantially more than previously. This has done absolutely nothing to lift depressed aluminum prices, which have slid from the peaks of \$1.20-\$1.30 per pound in mid-1988 to less than half that price today.

More promising outlets for those looking to place new metal in the market are the fast-growing economies of Southeast Asia and the Far East — notably Taiwan and South Korea. They already import around 300,000 metric tons per year and 400,000 metric tons per year apiece, and growth prospects in the medium term look good.

Situated as they are between the European and Southeast Asian Far East markets, Gulf producers like ALBA are ideally positioned to sell in both regions.

In addition to cultivating long-term supply con-

Demands is growing all over the world

tracts, they are well-placed to react quickly to short-term sales opportunities as they arise.

There is no doubt about the Gulf's growing importance as a center of primary aluminum production. On top of Bahrain's 460,000 metric tons per year, neighboring Dubai has an annual smelting capacity of 240,000 metric tons; in Iran, the Iraco plant is expanding to 120,000 metric tons per year, and the new Almahdi smelter at Bandar Abbas will have a start-up rate of 220,000 metric tons per year. Just how much of the region's metal will be in excess of local needs is less certain.

P.M.



Marketing Arm Lends Muscle to Sales

The ALBA plant south of Manama, Bahrain's capital, makes the aluminum, but it is the head office of Bahrain Saudi Aluminium Marketing Co. (Balco), located in the island's diplomatic quarter, that makes the money.

At one side of Abdul Monem Mohammed Qasim Al Shirawi's desk in Balco's head office is a computer displaying aluminum stocks and prices. "At any given moment, we know our exact position regarding inventories and sales," says Mr. Al Shirawi, Balco's general manager. "We know what remaining stocks are to be priced as well as the London Metal Exchange prices. It is all here on the screen."

As the sales and marketing arm of Bahrain's aluminum-production industry, Balco plays a key role in the island's economy. Despite the major disruptions in the Gulf following the invasion of Kuwait and the Gulf war, Balco fulfilled all its customers' needs regarding deliveries. Last year — a period of depressed aluminum prices — total sales reached \$300 million from 204,471 metric tons of aluminum, only 2.5 percent less than in 1990.

"Our successful hedging activities contributed significantly to our profitability," said Sheikh Isa Bin Abdullah Al-Khalifa, Balco's chairman, in his annual report for 1991. "In addition, a well-defined marketing plan with clear objectives allowed us to serve customers in 22 countries."

Mr. Al Shirawi is more

than confident about this year's sales and revenues. "We are already achieving our targets, and the start-up from the ALBA expansion is going smoothly," he says. "I think we are coming on stream there at the right time as there are no other major green-field smelter projects in hand for completion on the next two years."

Production sales levels from ALBA have risen from 120,000 metric tons in 1971 to 204,471 metric tons in 1991. With the current expansion program, production will rise to 460,000 metric tons, of which 446,000 metric tons will be sold in the world market.

"One-third of our sales goes equally to customers in Southeast Asia, the Middle East and Europe," says Mr. Al Shirawi. He believes that more available stocks from ALBA will be met to some extent by a greater regional demand in the Middle East as more downstream industries are created. More than 80 percent of the Gulf demand for aluminum in the six Gulf Cooperation Council countries (Bahrain, Kuwait, Qatar, Oman, the United Arab Emirates and Saudi Arabia) is met by Balco.

"We are also expecting an upturn in demand from Japan and the United States as their economies

gradually recover," adds Mr. Al Shirawi. "There could be some shortages in supply, and we believe that prices will go up in the mid-1990s."

He also sees a surge in demand from the European Community. This could reach over 3 million metric tons a year by the year 2000. "We will be in a good position to supply the EC, as many of the current aluminum producers serving that market are using out-of-date plants."

While Balco is keen to market some of ALBA's production to EC countries, Mr. Al Shirawi believes it will be hard enough to sustain the demand from its existing customers. It now has 67 customers in 26 countries. "We are certainly not going to see a flood of new metal coming onto the market in the immediate future," he says. "Our commitment to the international market will never be jeopardized, and we will continue to serve all prospective customers. The buildup of market share will obviously coincide with our future expansion, which will reach levels of 460,000 metric tons a year by the end of 1993."

Balco was formed in 1976 to market ALBA's net finished production worldwide. Then called the Bahrain Aluminium

Company, it was owned by the Bahrain government. The name was changed to the Bahrain Saudi Aluminium Marketing Company in 1982, following the Saudi Public Investment Fund's purchase of a 20-percent stake in the smelter, represented by the Saudi Basic Industries Corporation (Sabic). Today, the Bahrain government owns 74.33 percent of Balco; Sabic, 25.67 percent.

Balco also markets about 3,000 metric tons annually of atomized aluminum powder, manufactured by Bahrain Atomics International, one of the downstream industries. BAI is owned by the government.

Bahrain's aluminum goes to the following destinations:

- Europe: Gothenburg, Hamburg, Helsinki, Rotterdam and Tilbury.
- Middle East: Ain El-Basha, Dammam, Dubai, Jeddah, Kuwait and Latakia.
- South Asia: Bombay, Chittagong, Colombo and Karachi.
- Southeast Asia: Bangkok, Penang, Port Kelang, Surabaya and Singapore.
- Far East: Busan, Kashiwazaki, Kobe, Nagoya and Osaka.

Cegelec, your partner in the aluminium industry.

Cegelec (Alcatel Alsthom Group), one of the electrical engineering leaders throughout the world, is one of the first in the field of process control systems intended for aluminium smelters today.

In 1991 and 1992, Cegelec successfully commissioned the most updated potline control system on the new generation of Aluminium Pechiney electrolysis pots (AP 30) for three large plants, Aluminium Dunkerque in France, Lauralco in Canada and Aluminium Bahrain in the Arabian Gulf, which altogether represent the control of about one thousand pots.

With the help of Cegelec's subsidiary Comsip AL A'ALI in Bahrain, who was in charge of the installation, cabling and connection of equipment, the first pot was started up one month ahead of schedule.

Cegelec, as a world specialist for high voltage substations, has also supplied with Comsip AL A'ALI, two rectifier transformer groups on a turnkey basis, designed for the retrofit of ALBA's potlines 1 and 2.

Comsip AL A'ALI, as the specialist in Bahrain, for Electrical & Instrumentation Engineering and Contracting, ALBA's principal electrical contractor, was the main contractor for the 11 kV electrical distribution system and installed the electrical and instrumentation systems for the Anode Paste plant.

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Alloys That Allow the World to Fly

If you are sitting in an aircraft looking out of the window, you are likely to see an expanse of shiny metal covering the wing. That metal is basically aluminum.

Its presence is an indication of the triumph of aluminum in the field of commercial aircraft. In the 1980s, some experts were predicting that over 50 percent (some said as much as 90 percent) of aircraft produced in the late 1990s would be made of organic matrix composites. That has not happened.

In the Boeing 777, the world's most advanced commercial aircraft now coming into production, 70 percent to 75 percent of the structural weight is aluminum. The wings are only part of the story. Sitting in that aircraft, you are likely to be entirely surrounded and supported by aluminum.

The metal has been able to maintain its traditional dominance of the aircraft market partly because of

advancing technology — new lightweight alloys and reduced-density aluminum-based engineering materials have evolved — and partly because the advantages of composites have failed to mature as expected. The matter of cost has proved crucial in the extremely competitive commercial aircraft market. Components made from organic-matrix composites are likely to be more than 10 times more expensive than components made from aluminum. Manufacturers of aluminum have also taken great trouble to tailor their products to the exact needs of their aircraft manufacturing customers.

Aluminum has been deeply involved in the history of flying. Middle-aged people in the United States, and Britain probably have childhood memories of being organized to collect aluminum pots and pans, which were then transformed into Spitfire fighters and Flying Fortress bombers.

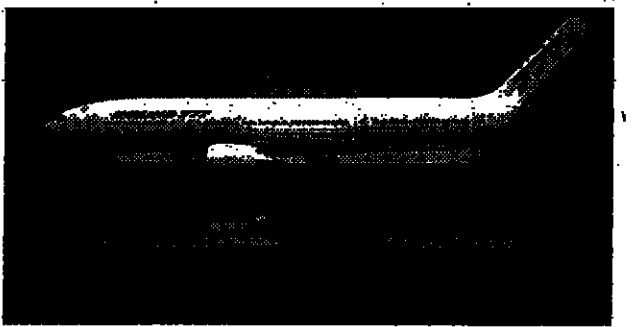
A booklet produced by the Aluminum Federation says: "It is difficult even to imagine how modern air transport could have developed without the light metal. It is not only aluminum's lightness that makes commercial flying possible; unlike most steels, aluminum alloys do not suffer from embrittlement at the very low temperatures met with in the stratosphere. On the other hand, the Concorde, which by virtue of its great speed is subject to considerable friction heating, is a virtually all-alloy aircraft, the wing leading edges being cooled by internal circulation of fuel."

According to the magazine "Aviation Week & Space Technology," there are two notable areas of advance in the use of aluminum. The magazine reports that "a significant growth market is expected to be aluminum-titanium alloys, a material class that got off to an uncertain commercial start several years ago." It adds that an organic com-

posite-aluminum laminate called Aral is expected to be another important market for its developer, Alcoa.

Aluminum-titanium alloy weighs about 8 percent less than conventional aluminum. The "uncertain start" was caused because cracks unexpectedly appeared during machining and drilling operations. Further development, however, has resulted in the alloy gaining wide acceptance in spite of its greater cost — components made from aluminum-titanium alloys cost two or three times as much as components made from conventional aluminum alloys.

The ASF/McDonnell Douglas transport, called C-17, uses the new alloy extensively, and it is estimated that each aircraft saves 500-600 pounds in weight because of the alloy. It is also used in the wings of the European Airbus and in the frame and skins of the EH101 helicopter, developed by EH Industries, an Agusta-Westland partner-



The advanced Boeing 777: 70-percent to 75-percent aluminum.

ship. The laminate Aral was first developed at Delft University of Technology in the Netherlands. "Aviation Week & Space Technology" says that "it is composed of alternating layers of aluminum sheet and aramid fiber-reinforced epoxy composite sheets. On average, Aral laminates are about 30 percent stronger than equivalent unitary aluminum sheets and 15-20 percent less dense. The laminates also exhibit superior resistance to fatigue cracks, a property especially important to commercial transport designers."

To return to the air passenger looking out over the wing, an interesting point about the metal used there and elsewhere in the aircraft is that it is completely traceable. Regulations ensure that it can be immediately established which company made the metal in the wing, as well as which company was responsible for its manufacture and assembly. The producers of aluminum are acutely aware of the responsibility they bear for keeping hundreds of thousands of people safely aloft each day.

K.M.

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More Than 400 Companies Involved in Expansion

Because of the complex nature of the expansion and construction of the new potline, which involved the latest Aluminium Pechiney technology, no single company took full responsibility — other than ALBA itself.

While it has brought together technology, construction know-how, equipment and supplies from all over the world, ALBA has in fact masterminded the \$1.5 billion expansion.

This has involved two main projects — the construction of the new potline and upgrading of the existing production facilities, and the erection of a

Potline completed a month early

new power station. During the peak period of activity, some 5,500 workers were engaged on the site at any one time; this has been one of the largest single construction projects in the Gulf since the boom days of the early 1980s. Local and regional contractors won about \$350 million worth of business.

Bechtel Ltd. provided the managing construction consultants for the smelter side of the project, and Ewbank Preece Ltd. supplied the consulting engineers for the power station. Contracts for the smelter expansion were divided into 64 packages, including 12 turnkey contracts. In addition, 45

major purchase orders were placed for specialized equipment and materials. Numerous companies worked as contractors, subcontractors and suppliers, bringing the total number of companies involved to about 400.

The engineering, procurement and construction management of the potline was undertaken by Bechtel, which also designed and engineered certain civil construction works. It also looked after a number of the associated production facilities — the anode and rodding plant, the paste plant, bake house and the cast house.

"We also provided a lot of the utility services — cafeteria, laundry, the new causeway to the marine terminal and various haul roads," says R. ("Randy") Campbell, Bechtel's construction manager. He speaks highly of the cooperation received from the Bahrain government and ALBA's management and of the high standard of work done by some of the local contractors. "There has always been an excellent relationship between ALBA and the contractors, which has been most important, considering the number of different companies and nationalities

involved," he says. Engineering and design were carried out by Bechtel's London office; procurement was carried out in Belgium. At one time, Bechtel was supervising some 2,600 site workers.

While ALBA and its contractors are more than proud of bringing the first reduction cells, or "pots," in the new potline on stream last May, one month ahead of schedule, various difficulties had to be overcome. Much of the general contracting work has been done by Germany's Klockner Industries-Anlagen of Duisburg, one of Europe's leading plant and construction engineers.

Klaus W. Lehnert, Klockner's site project manager, says the construction of the new potline was one of the most difficult projects he had tackled. "This was because we were getting materials and equipment from so many different locations," he says. "But we also had to excavate down 10 meters into solid rock in some places. Then we had some very high winds last winter, which made some of the steel erection not only dangerous, but almost impossible."

Klockner had four separate



Gas-cleaning plant and solid-bath unloading station for the new No. 4 potline.

rate contracts: handling and storing fluoride and cryolite, a storage and handling system for the anodes, construction of the new rodding shop and modifications to the existing shop, and a raw-materials handling system.

These contracts have involved building giant silos to store the various materials and the construction of new handling facilities at the marine terminal, which has been connected by a new causeway road.

Apart from the various handling facilities,

Klockner also had to work with dozens of different contractors simultaneously. "At one time, we had 47 different contractors working together in the rodding shop," says Mr. Lehnert. "I must say that the cooperation experienced here has been much better than on most projects on which I have worked before."

Expertise, materials and equipment came from many countries and from both big and small contractors. N.V. Gouda Vuurvast of the Nether-

lands provided the essential refractory bricks for the baking kilns. It has been making these specialized bricks, which can withstand ultrahigh temperatures, for more than 90 years. Similar know-how was provided by Nasseher LOI Company, part of the LOI Group based in Essen, Germany; the company supplied the cast house furnace system in cooperation with the French company, Brochot. The cast house is the final stage of production. Metal tapped from the reduction

cells is transported to the cast house and poured into 50-metric-ton holding furnaces. Computer-controlled hydraulic cylinders tilt the furnaces with a high degree of accuracy into one of three casting machines, which can each produce 900 ingots. The whole process is monitored by computers, which process all data — including weighing, classifying and marking all the ingots as well as strapping them together for shipment.

Maximum efforts have been maintained through-

out the project to ensure that the tightest quality control was exercised. This also applies to the raw materials for the smelter and production of the aluminum metal itself from the new potline and from the retrofitted reduction cells in the older potlines. Fisons Scientific Equipment of Britain was one of the many specialized international companies to win a \$1.75 million contract to supply laboratory testing equipment for quality-control analysis and tests. M.L.F.

Quality Bidding: Who Won the Contracts?

At least \$350 million worth of business has gone to Bahraini and regionally based companies working on the expansion and new power station.

More than 70 local Bahraini companies were awarded contracts or subcontracts worth \$213 million for the construction of the No. 4 potline. Another \$54.8 million worth of contracts went to other companies from the five other states belonging to the Gulf Cooperation Council. About \$68 million worth of business has gone to seven major subcontractors working on the new power station. The overall project has shown that Bahraini and other regional companies were capable of producing equipment and materials under exacting quality-control conditions and according to the highest specifications demanded by their main international contracting partners.

"The work has given us a tremendous boost," says Abdullah Ahmed Nass, chairman of A.A. Nass, one of Bahrain's leading engineering and building contractors. It has had up to 2,000 workers on more than \$50 million worth of contracts. "One of the main tasks was the civil works for the power station as a subcontractor to ABB SAE Sadelmi," says Mr. Nass. "We provided all the concrete for the station from our own ready-mix company. This had to be made to the strictest specifications so that the station would not collapse in the next 100 years. Concrete corrosion, from poor mixing and materials, has been a major problem in the Gulf in the past."

Nass has been working with the Al Zamil Group on fabricating the reduction cells, or "pots," in which the aluminum is produced. Nass made 120 pots and Al Zamil 170 at the rate of about three or four a week. Each steel pot weighs 37 metric tons; the pots are among the largest of their kind in the world. The company got the pot contract just before the Gulf war started. "We only stopped work on the first day, when an air strike took place," says Mr. Nass, who is particularly proud of making the pots. "Many people thought work like this could not be done here. Now, we have had inquiries for similar jobs from other countries, for example South Africa." His company was also responsible for other parts of the ALBA project, including civil works for the anode-baking and paste plants, the casting house and steel superstructure for the new potline.

Some of the key steelwork for the new potline expansion was also done by Airmech Eastern Engineering, part of Bahrain's Mohammed Jalal Group. Airmech specializes in steel fabrication and structural engineering. It gained more than \$73 million worth of contracts, one of the largest amounts to go to a single local company. Airmech had about 800 workers solely on ALBA projects. At peak times, this went up to 1,600.

Apart from providing steelworks and electrical materials, Airmech also supplied mechanical and electrical installations of plant and equipment in several areas. These included the marine terminal, alumina, coke, coal tar pitch, cryolite and fluoride handling-and-distribution areas. Work was also carried out in much of the anode-baking and ancillary plants, including the rodding shop. The most prestigious and exacting task undertaken by Airmech was the assembly of 288 ring bus bars weighing a total of 8,000 metric tons. The bus bars, which were sent

in kit form from the Spanish Inespal factory, involved a lot of aluminum welding, a very specialized operation. "I think we were probably the only company on the island that could do this type of welding," says Peter Smith of Airmech. The company was also responsible for installing and fabricating many other parts of the existing and new facilities connected with potline No. 4. These included the fume-collecting ducts and centers — which needed more than 3,000 metric tons of fabricated steelwork — and electrical installations to the central-control buildings and computer rooms.

A Saudi company from Jeddah, Hidada Ltd. — part of Xenel Industries, which specializes in structural steelwork and fabrication — provided the steelwork for the anode bake building. Hidada, a leading Saudi company in the steel-fabricating industry, has become increasingly active outside the kingdom. It also makes distribution and lighting poles for the electricity industry.

Electrical work has also been done by Comsip Al A'Ali, the local partner of the French electrical-engineering group Cegelec, which is part of the Alcatel Alsthom Group. Comsip Al A'Ali specializes in instrumentation and process-control systems, which have been fitted to the No. 4 potline. Other electromechanical installations for the potline and cast house have been provided by the Al Khajjah Establishment. The company, which has a \$40 million turnover, has also provided \$4 million worth of filtration equipment for the new power station.

Exercising strict quality control has been the guiding maxim for the expansion and power-station projects. One local company that has been closely involved is Al Hoty Analytical Services, which has been working with the project managers Bechtel Ltd. Al Hoty first began site inspections in 1989, after winning the contract against stiff international competition. It drilled more than 2,000 bore holes to test the rock bed underneath the foundations for the new potline. "Cavity inspection is a must, as we quite often find holes in the limestone rock," says Al Hoty's Babu Rajan. Al Hoty has a site office operating 24 hours a day so that continuous inspections can be carried out. This involves soil analysis and looking at welding, paint work and even the asphalt used for service roads.

"We have to keep to the highest standards of quality control for ALBA and make sure that these standards are met by the contractors," says Taqi Murad, Al Hoty's proprietor. Logistics were a major part of the expansion project. Half-a-dozen transportation contracts were won by Bahrain's Turk Heavy Transport, which moves more than half-a-million metric tons of materials and equipment. Steel beams more than 30 meters (98 feet) long and weighing up to 40 metric tons each were typical freight carried by Turk. "We could only drive after midnight through Bahrain with some of these loads on special dollies," says Khalid Turk, whose father founded the company 31 years ago. "Sometimes it took as long as three hours just to go the 22 kilometers from the port to the ALBA site." M.L.F.



Now a major industry: Recycling aluminum is not only environmentally friendly, but also highly profitable.

From Cans to Scrap, Again and Again

In this age of increasing concern for the environment, it is worth noting that aluminum is one of the most easily recyclable metals in use today.

Aluminum can be reused over and over again and melts at a temperature of approximately 1,220 degrees Fahrenheit (660 degrees centigrade) — steel melts at 2,700 degrees F — using only 5 percent of the energy required to make it from ore. Scrap aluminum has been reused since the beginning of the industry, and one-third of the aluminum produced is now made from scrap from manufacturing operations.

In the 1960s, the aluminum beverage can was developed. Its increasing popularity during the 1970s made it a primary target for recycling. In fact, it was chosen over steel and plastic by many beverage manufacturers precisely because it could be easily recycled.

Assuming a recycling rate of 30 percent, the energy needed to produce an aluminum can is lower than for other nonrecyclable materials. In addition, recycled aluminum can safely hold food products, while recycled plastics must be made into a coarser product than the original and cannot be used for food. Aluminum food cans have been introduced in the United States and are another candidate for recycling.

Recycling itself has now become a major industry, with everyone profiting, from the homeless people who collect and resell cans to scrap dealers and the companies that reuse the cans. The general public benefits from the lower costs, the reduction of litter, the creation

of new jobs in the recycling industry and the conservation of raw materials.

The aluminum beverage cans used today are 30 percent lighter than those used 20 years ago, making for further savings. Aluminum cans can be turned in to recycling centers, which are now ubiquitous in the United States, or to reverse vending machines, which accept used cans. In addition, many other aluminum products are recycled, from window frames to auto parts, and the aluminum industry is increasing its efforts to reuse other products. Some 70 percent of the aluminum used in electrical engineering, building and transport is already being recycled.

In Europe, about 95 percent of all aluminum used is currently made from scrap, saving 95 percent of the energy it would take to make it the first time. The European recycling industry is growing as the use of aluminum beverage cans rises.

In the United States, the aluminum industry hopes to eventually recycle 100 percent of the beverage cans used in the country. In 1991, 62.4 percent of aluminum cans were recycled in the United States, according to a joint study by the Institute of Scrap Recycling Industries, the Can Manufacturers Institute and the Aluminum Association. Although this represented a 1.2 percent drop from the all-time-high recycling rate in 1990, more cans than ever were recycled in 1991: 57 billion, or 220 cans for every person in the country. That represents 1,969 billion pounds of aluminum. H.E.

United States recycled 57 billion cans in 1991

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Banks from all over the world raised a \$650 million commercial loan for the \$1.5 billion expansion.

From Banque Nationale de Paris and Banque Paribas to Chase Manhattan and Manufacturers Hanover Trust (now merged with Chemical Bank), the

The Saudi British Bank, Arab Bank and the Gulf International Bank — to name just a few.

Close behind them have been Europe's leading export-credit agencies — Coface, Sace, Hermes and Belgium's Office National du Ducroire, which have guaranteed funds totaling just under \$700 million. Yet another \$50 million has been provided by an Islamic institution: the Al Rajhi Banking and Investment Corporation. Together, they illustrate the faith that the world's top financial institutions have in ALBA and in its future profitability.

Export credits: almost \$700 million

banks that funded ALBA's expansion also extend to The Bank of Tokyo and KDB International (Singapore) before reaching the Middle East itself with participants such as the Bank of Bahrain and Kuwait, the Arab Banking Corporation, Saudi American Bank,

The commercial loan — which was signed in July 1990, just before the Iraqi invasion of Kuwait — represented the largest single borrowing at that time ever made by a Gulf institution. The terms were also very favorable for ALBA: The 10-year tenor included a four-year grace period, while pricing was 0.375 percent for the first three years and 0.5 percent for the remaining seven years.

Chase Investment Bank, along with GIB, the Bahrain-based institution, acted as financial advisors to ALBA on the expansion project. The \$650 million credit was arranged by a group of 11 banks — ABC, GIB, Arab Bank, The Bank of Tokyo, Banque Paribas, IBI International, The Mitsubishi Bank, National Commercial Bank, Riyad Bank, Sumitomo Bank and MHT (Chemical). Lead managers included the National Bank of Bahrain, BBK, GIB, The Gulf Bank, BNP, The Mitsui Taiyo Kobe Bank and Saudi American (Samba). Seven other institutions — the Arab National Bank, Société Générale, Grindlays Bahrain Bank, Daiwa Bank, The Arab Investment Company, Nippon Credit Bank and Saudi-British — served as co-lead managers.

ABC expressed its confidence by heading the syndication as main agent. Due to oversubscription, the original amount sought — \$560 million — was raised to \$650 million.

Another syndicated loan, worth \$110 million, was raised successfully in September 1991, despite the concern about regional risk felt then in the international banking community. Arranged by Chase, ABC and Riyad Bank, it was the first major borrowing in the area after the Kuwait war. The terms reflected this: five years priced at a spread of 0.625 percent. ALBA, however, has an option to extend

the loan to an eight-year period at the discretion of the banks.

The finance will be used for a retrofit program in the existing three potlines, which "will modernize the plant and give it a clean environment," says Ahmed Salih Al-Noaimi, ALBA's general manager for finance. "The return is high, and the payback period is low."

Aside from the three arrangers, who also served as lead managers, two other institutions — Dresdner Bank Luxembourg and the Westdeutsche Landesbank Girozentrale (London branch) — acted as co-lead managers. The Commercial Bank of Dubai, together with Rabobank Nederland (London Branch), served as manager, while three others — Sanwa Bank, BBK and Al Ahli Commercial Bank — participated as co-managers. Other participants included the Commercial Bank of Qatar, Algerene Bank Nederland and the Bahrain International Bank.

Equipment for the smelter expansion, plus financing for a related 800-megawatt power station, was raised through loans guaranteed by the four export-credit agencies — Hermes, the German institution, guaranteed two facilities: one, worth \$150 million, for the smelter equipment; and another, valued at \$290 million, for the power station. The former was raised by MHT and the latter by Kreditanstalt für Wiederaufbau.

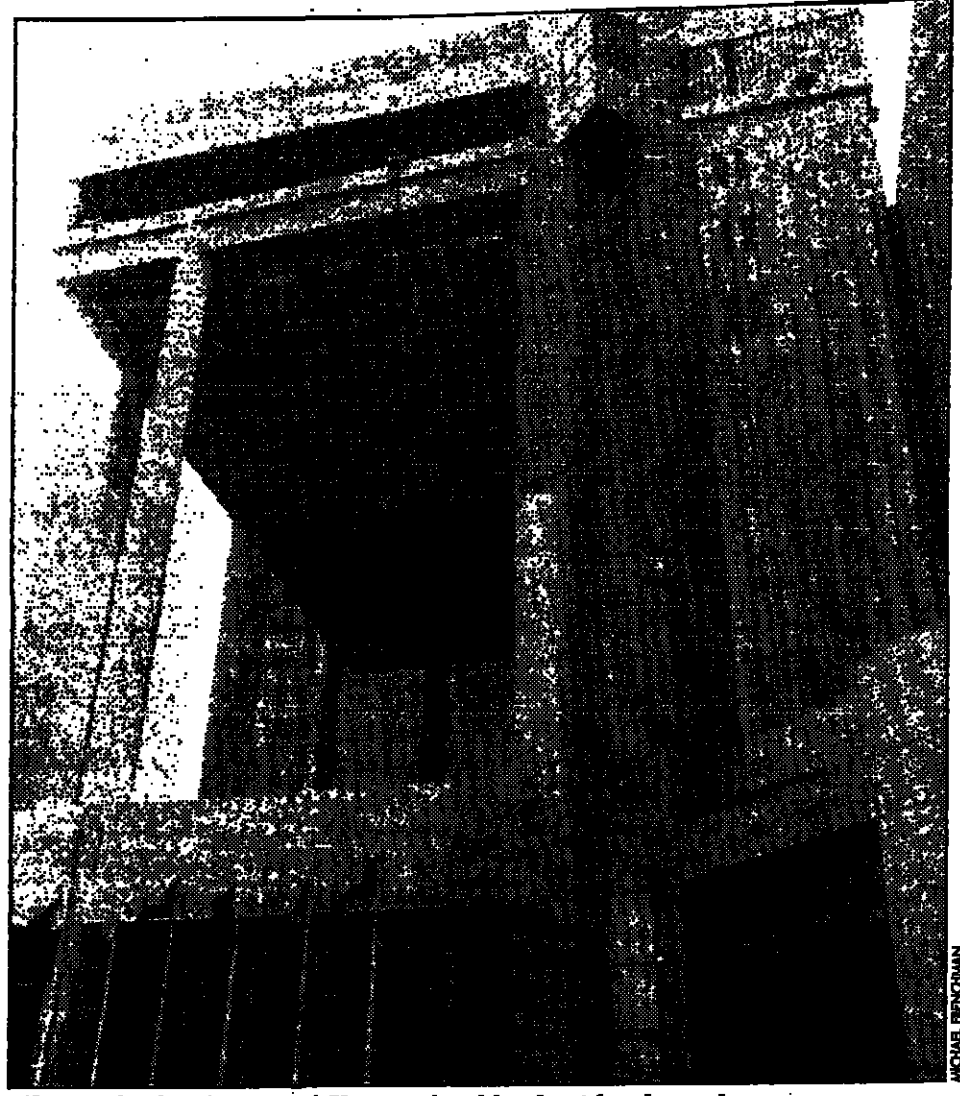
Coface of France guaranteed a loan worth \$120 million for equipment as well, giving a total of \$270 million for the smelter. Banque Paribas arranged the credit. Sace, the Italian export-credit agency, guaranteed \$104 million for the power station in a package provided by BNP. Also in on the project was OND, which backed a loan worth \$35 million raised from Belgian banks and led by BNP as well. Altogether, export credits for the power station totaled \$429 million, with terms of up to 12 years.

The final \$50 million, provided by Al Rajhi, will be used to finance an air-cooler condenser at the power station. Analysts say that the use of an Islamic instrument will avoid the premiums that can be entailed in conventional export-credit financing, but they add that it would be unsuitable for larger sums needed over the medium term.

"We are now more or less complete," says Mr. Al-Noaimi, but he points out that "we're always following the market" and would consider tailoring the funding as conditions changed. One example of this, already agreed upon, is a 50-percent hedge for ALBA's interest-rate exposure on the original syndicated loan. Arranged through a swap with Chase, the notional amount is \$325 million, with fixed interest at 7.1 percent a year.

ALBA has now demonstrated its financial acumen as well, especially given the difficult conditions last year, when both the second commercial loan and the export credits were raised. The successful completion of the expansion-financing packages also demonstrates the degree to which ALBA's shareholders have continuously shown their commitment to the company since its formation in 1968.

Today, these shareholders



The Bank of Bahrain and Kuwait: local bank with a key role.

Congratulations to Bahrain on the completion of ALBA Potline 4



Engineers and Construction Managers of the ALBA Project.

Designer Metal: Art And Royal Rattles

Designers of all sorts have long been using aluminum, a versatile, easily workable and rust-resistant metal, to make objects that can be played with, eaten or cooked out of, just looked at or even worn.

As early as 5300 B.C., potters in the Middle East were using aluminum clays to make strong, long-lasting pots, although they had no idea that the clay contained a metal.

Soon after French chemist Henri-Etienne Sainte-Claire Deville perfected a practical method of producing aluminum chemically in the mid-19th century, he was summoned by Emperor Napoleon III, who though the new metal might make good lightweight helmets and armor for his troops. Though this never came to pass, the emperor did have an aluminum rattle made for his infant son, as well as dinnerware for his most important guests. All others had to settle for gold and silver.

Being a new commodity, aluminum was considered a precious novelty at the time and was used to make luxury products and jewelry. Even architects were attracted to its unique qualities — the tip of the Washington Monument in Washington, D.C. was covered with a 100-ounce piece of cast aluminum in 1884.

Surgical instruments were already being made from the new metal, and in the 1890s, cast aluminum cookware was introduced. Today, early hammered and cast aluminum cookware, even pieces made as recently as the 1940s, have become collector's items. Many of these pieces are decorated with attractive repoussé designs.

Fashion victims looking for the unusual may have found an answer in aluminum. New York designer Michael Schmidt uses lightweight aluminum mesh clothing favored by the likes of Cher, Jon Bon Jovi, Dave Stewart and Chrissie Hynde. And Paris fashion designer Paco Rabanne has been using aluminum to give sparkle and shine his creations since the 1960s.

Many artists have been attracted to aluminum's attractive qualities. American artist Alexander Calder used aluminum for many of his famous mobiles and sculptures, and Renaissance man Edwin Schlossberg, an artist, poet, inventor and designer who also happens to be the husband of Caroline Kennedy, has used unpainted aluminum like that used for road signs as canvases on which he paints the words of his poems to create a new work of art.

Promotions Office Targets Investors

The government is now trying to market business opportunities in Bahrain as a cohesive unit.

The government wants to cut out red tape as far as possible for inward investment and make it easier for foreign companies to develop secondary and tertiary industries; it now allows 100-percent foreign ownership. As part of a unified strategy between various government ministries, the Bahrain Marketing and Promotions Office was established last year after the end of the Gulf war.

"With the expansion of ALBA and possible new downstream industries, we are keeping an eye on the future," says Habib A. Kassim, minister of commerce and agriculture. "It will have a considerable impact on the social and economic development of Bahrain."

The promotions office aims to attract inward investment, help with the Bahrain export drive and coordinate marketing activities. It has also instituted a "fast-track" registration scheme for new companies, which can be

done in seven days. More than 30 new companies have registered since late spring.

"We are getting a steady stream of inquiries," says a promotions-office director. "We are trying to attract more companies to set up their regional offices here." He says that the office has five key selling points: Bahrain is the Middle East's financial center, the international aviation hub of the Middle East, a regional service and distribution center, an industrial base and a unique tourist resort.

Yousuf Ahmed Al Shirawi, minister of development and industry, is firmly convinced that investors stand at the threshold of new opportunities in Bahrain. "We must pull together and bring together industrial development and services," he says. "We must look at new industries and services such as maintenance and environmental protection technology." M.F.

Covering a Major Insurance Risk

Insuring and reinsuring ALBA has been an important activity for the Bahrain-based Arab Insurance Group (ARIG).

ARIG is the leading reinsurer for the expansion project, and it has provided advisory services and syndicated placements among other major reinsurers.

"We have provided the most sophisticated insurance cover for a project of this scale and complexity," says one of ARIG's managers. "The smelter is by far the largest single insurance risk in Bahrain and one of the biggest single industrial risks outside the oil

and gas industry in the Gulf.

ARIG has underwritten insurance coverage for a number of different aspects of the smelter and the expansion project. These include the actual construction work on an all-risks basis, third-party liability, all-risks fire and marine cargo. A special section also covers ALBA against loss of profit should any commercial operations be delayed during the construction period. M.F.

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Quality and Quantity: New Aluminum Era

Continued from Page 7

— enough to build three-and-a-half Eiffel towers; the concrete used would fill 1,000 average-sized swimming pools, and enough cabling was laid to stretch the 1,600 kilometers from Bahrain to Beirut.

Metal panels for roofing and siding would cover 25 soccer fields, or 180,000 square meters (1.9 million square feet).

In the end, everything did reach Bahrain on time, and the contractors suffered no significant delays. "Those that did occur were due more to bureaucracy than the Gulf crisis itself," says one major contractor.

R. (Randy) Campbell — construction manager for Bechtel Ltd., the construction management consultants for the smelter expansion — says that the first aluminum was cast

from the new potline on June 1, one month ahead of schedule.

"This was due to the supreme effort of all the contractors who were always trying to beat the clock — without jeopardizing the quality of their work," adds Mr. Campbell.

The smelter will have a major role to play in developing downstream industries and creating much-needed jobs.

In the early days of the late 1960s, when the idea of a smelter was first mooted (see related article on page 14), many considered it to be a white-elephant project. Oil had been recognized as a finite resource, and alternative sources of income had to be found.

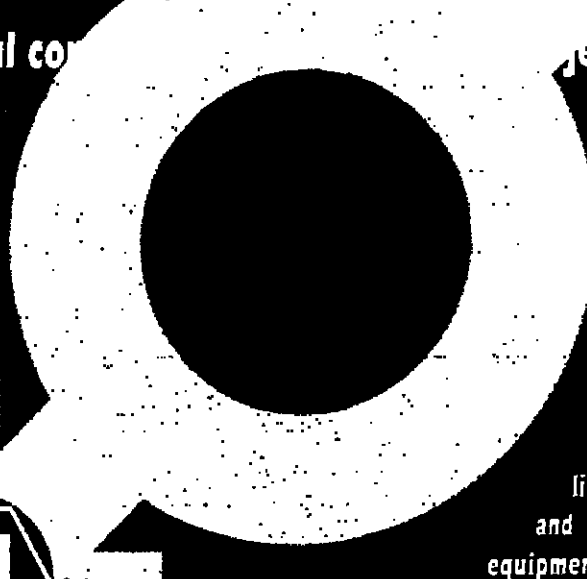
Bahrain knew it had natural gas, but in those days it was simply burned off as a waste product. Mr. Shirawi believes about a dozen new ventures are under consideration. Encouraged by the efforts made by the Bahrain Marketing and Promotions Office and incentives offered by the Ministry of Development and Industry, some of these may begin in the not-too-distant future. Already, two auto-wheel factories are to start production, and a new extrusion plant is slated to begin operating.

Mr. Shirawi dismisses the doubting Thomases with a wave of his hand. He is more than confident that the \$1.5 billion expenditure will be regained in five to six years. "We had hoped to create some 14,000 new jobs over the next 10 years," says the minister. "If we only succeed in creating 8,000 to 10,000 jobs, it will be wonderful." Michael Frenchman

Congratulation ALBA

for the successful completion of

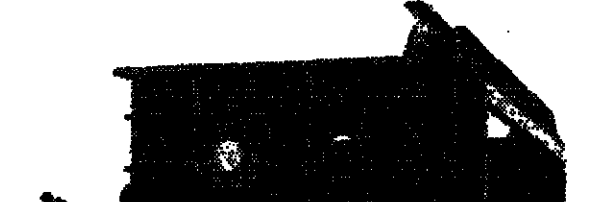
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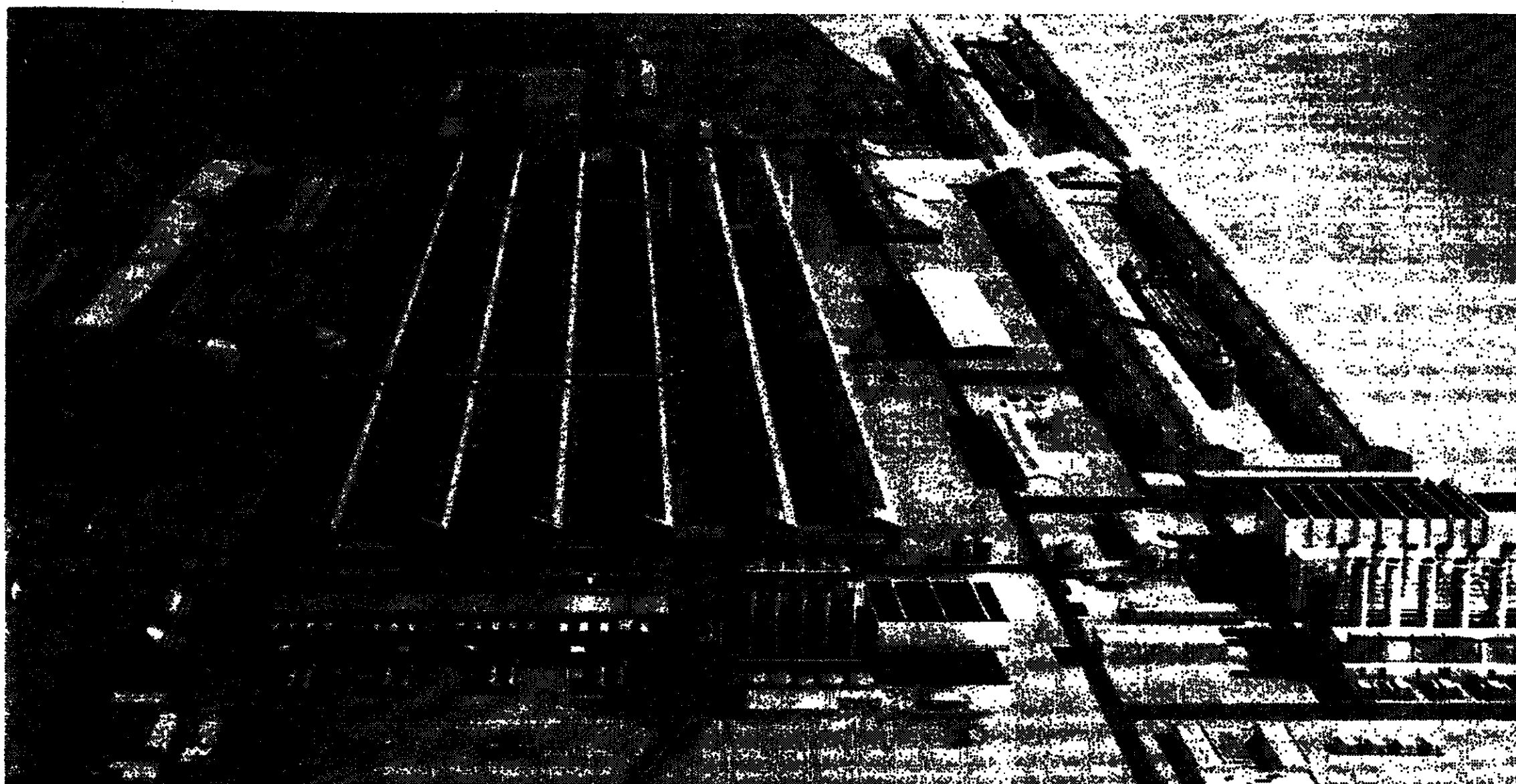


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*Today, that barren land has been transformed into one of
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*ALBA has successfully brought on-stream a 235,000 tonnes per year
smelter expansion and 800MW combined cycle power station,
further boosting the capabilities of this world-class producer.*

*Aluminium production capacity has doubled to 460,000 tonnes
per year, power generation capacity to 1340MW.*

*The Company has taken advantage of state-of -the-art
technology to target the highest international standards
of environmental protection and manpower efficiency.*

*Although the Gulf War broke out in the midst of construction, production
commenced one month ahead of schedule and within budget.*

*Such an unparalleled achievement is testimony to ALBA's proven track
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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. Nov. 27

Canadian Dollars

Table listing Canadian bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

Table listing European bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

Table listing Japanese bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

Table listing Australian bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

Table listing New Zealand bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

Table listing South African bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

Table listing Hong Kong bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

Table listing Singapore bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

Table listing various international bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

Table listing additional international bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

ECU Straights

Table listing ECU straight bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid.

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MUTUAL FUNDS

Figures as of close of trading Friday, Nov. 27.

Table listing mutual fund prices with columns for Fund Name, Bid, and Ask.

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(Continued on Page 23)

Advertisement for 'AL MAR' and 'CURREN' featuring a large image of a person and various text elements.

CAPITAL MARKETS

A Year-End Truce Stalls Attack on EC Currencies

By Carl Gewirtz
International Herald Tribune
PARIS — A long-rumored financing for Britain, part of its operations to rebuild the reserves lost in September's unsuccessful effort to keep the pound in Europe's exchange-rate mechanism, is expected to emerge this week.

Bankers see a "window of opportunity" remaining open for the next 15 days, after which the market will turn to the year-end of the books and holidays.
Although market rumors had Britain weighing the possibility of issuing in French francs — highly unusual given the rivalry between London and Paris — the dollar and Deutsche mark sectors are currently the only markets capable of absorbing such a large issue.

Tension is likely to flare in the new year if the Bundesbank doesn't act.

As Britain tapped the DM sector for 5.5 billion DM last month, it is expected to turn next to the dollar market.
The dollar and DM bond markets are benefiting from renewed jitters in the currency market.

Although there were no fireworks in that market after last weekend's devaluation of the Spanish peseta and the Portuguese escudo, it is evident that tensions persist.
The Irish punt, the likeliest candidate to devalue next, remained near its permitted floor despite overnight interest rates of 100 percent and exchange controls.

AT PRESENT, however, the foreign exchange market is no mood to go on the attack. Traders have scored huge profits from the autumn turmoil and are said to be leery about risking annual bonuses by undertaking costly new positions so close to the year-end.

"We've got a maximum of only two weeks left before we effectively close for year-end and we're not taking positions, we're only doing commercial business," the head trader at a big European bank confirmed.

The consensus view is that tension will flare up at the start of the year if the Bundesbank in turn has not dramatically lowered its interest rates. But Paul Chertkow at UBS Phillips & Drew in London warns it could even begin earlier, after the Bundesbank's last policy-making meeting for the year on Dec. 10.

"In the absence of even modest cuts in official German interest rates at the next meeting, the foreign exchange market may conclude that the Bundesbank no longer supports the European monetary system, triggering capital outflows from Denmark and France on a scale sufficient to force the suspension of the krone and the franc from the exchange rate mechanism," he said.

The fundamental issue, all agree, is the unsustainably high level of the DM. See RATES, Page 23

En Masse, Americans Deck the Malls

By Stephanie Strom
New York Times Service

On the day after Thanksgiving, the busiest shopping day of the year, crowds in American stores were bigger than they had been in the last two or three years and shoppers seemed to be spending more than in the past, retailers said over the weekend.

Consumers thronged shopping areas from Herald Square in New York to State Street in Chicago to Union Square in San Francisco. Although many were just looking, checking prices and searching for gift ideas and good deals, retailers were delighted by the turnout.

The period between Thanksgiving and Christmas is crucial to retailers. Many stores make as much as 40 percent of their annual sales and 50 percent of their profits during those 20 odd days.

[A] survey based on consumers who use checks to pay for their purchases showed that sales on Friday increased 5.1 percent over the day after Thanksgiving in 1991.

"Although one day doesn't make a season, the percentage increase in national sales indicates that this season's shopping should be better than last year's," said William Ford, economic adviser at Houston-based TeleCheck Services, which does the survey.

But Tool Orders Fall Off

Bloomberg Business News

WASHINGTON — U.S. machine tool orders declined 24.9 percent in October from September as the weak economies of the nation's trading partners cut exports in half, an industry group said Sunday.

Orders for machine tools, which include metal cutting and metal forming instruments, are a barometer of industrial production and capital spending by factory owners.

Compared with a year earlier, October tool orders were down 7.8 percent, the Association for Manufacturing Technology said.

Export orders plunged 54.4 percent to \$2.95 billion after more than doubling in September. Domestic orders declined 18.3 percent to \$184.15 million, after advancing 66.2 percent in September.

"The drop-off in export orders, although disappointing, is not surprising given poor economic growth in our major export markets," said Albert Moore, the association's president.

Foreign machine tool orders will likely deteriorate further because of the higher dollar and slowdowns overseas, said Jean Sundria, a private economist in Alexandria, Virginia. But she added, "We should see domestic demand increase as the economy improves."

Harry, an accountant, who was interviewed in Herald Square. "I have a job, I have my health, I have strength. But I have a lot of friends who are out of work with trouble putting food on the table, and that makes me think twice about spending a lot of money."

Not everyone, of course, is cautious. Some people questioned Friday said they would spend about as much as they did last year, and a few even said they would spend more.

And merchants took heart, with notes of enthusiasm in their voices for the first time in two years as they described the season's kickoff.

"It started with a bang," said Ken Dardis, the operational vice president for Home Depot's stores in the Northeastern United States. "Today was an absolute zoo; by 9 o'clock, the stores were just rocking."

Clark Johnson, president and chief executive of Pier 1 Imports, a specialty store chain selling housewares, said sales Friday might exceed last year's day-after-Thanksgiving sales by 15 percent.

The co-chairman of R.H. Macy & Co., Myron E. Ullman 3d, said that shoppers were using the Macy's charge card more than any time in recent memory.

U.S. Bankruptcy System Owes Itself an Overhaul

By David S. Hilzenrath and Michelle Singletary
Washington Post Service

WASHINGTON — One day in 1990, as Donald Trump tells it, he and the model Maria Maples were strolling along New York's Fifth Avenue when she passed a beggar. "You see that man? Right now he's worth \$900 million more than me," Mr. Trump said. "Right now I'm worth minus \$900 million."

After a decade of profligate borrowing, Mr. Trump lacked the cash to make his loan payments. Although he owned hotels, skyscrapers, casinos and an airline, his debts exceeded the value of his properties by hundreds of millions of dollars.

His lenders could have forced him into personal bankruptcy and stripped him of almost everything. But that didn't happen. Instead, the bankers and investors to whom Mr. Trump owed money made a series of deals that left him wealthy. They let him keep some properties and took control of others, and they reduced his personal debt by about \$750 million, more than four-fifths of the total.

It wasn't done out of charity, though. Rather, the lenders were reluctant to confront Mr. Trump in bankruptcy court, where they would face years of delay and massive legal expenses. In the end, they feared they would recover less money in bankruptcy than they could get by striking compromises.

What happened to Mr. Trump is a testament to a breakdown of America's bankruptcy system, according to bankers, lawyers, accountants, academics and other experts. The system has become such a quagmire that lenders are going to great lengths to avoid it.

When Congress last overhauled the bankruptcy laws in 1978, it sought to make it easier for people and businesses to recover from financial ruin. But in practice, the system Congress created favors debtors over creditors, the people who owe money over the people to whom it is owed, many specialists say.

"The system is broken," said an associate who helped Mr. Trump use the system to his advantage. "It's the system that gives power to the debtor where it shouldn't."

Michael C. Jensen, a Harvard Business School professor, said debtors enjoy such a strong position that creditors "have to buy them off."

Some borrowers who go broke negotiate deals that enable them to avoid bankruptcy altogether. Others get caught up in bankruptcy proceedings but hold on to small fortunes because their lenders get tired of fighting.

What a debtor ultimately gets to keep varies from state to state. Generally those who seek bankruptcy protection are allowed to keep a modest amount of cash or personal property, and a residence, as long as there is not much equity in the home. The intent of bankruptcy is to give debtors a fresh start rather than to leave them destitute.

But under the current system, critics say, the debtor receives too much protection. The American Bankers Association, for example, contends that the bankruptcy code grants debtors too much control of the process at the start. That results in cases continuing for so long that the value of the debtor's assets erodes, according to the association, and fewer dollars are paid to banks and other creditors once a bankruptcy is settled.

Debtors also can hold on to property too long, and are often allowed by judges to extend the time for filing a plan that explains repaid immediately. The debtor thus gets time to reorganize his or her finances, or is forced to sell off assets for the benefit of creditors.

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London Notebook

Is British Trade Heading Down a 'Black Hole'?

Britain is about to fly into a statistical black hole and the timing couldn't be better. Amid growing concern over its swelling trade deficit, the government will sidestep the issue by not publishing figures for trade with its European Community partners for at least the first six months of 1993.

Government statisticians blame the single European market — due Jan. 1 — for the forthcoming lacuna. As of that date, the government will ask British companies to fill out forms on trade with the Continent that will take the place of the old reporting system, which was based on import taxes and export licenses.

"The problem is that the government fully expects it will take months to get the 30,000 companies that will fill out the new questionnaires to do it right. Rather than publish flawed data, the government will simply forego the exercise, leaving both policymakers and private sector analysts in the dark."

"It will no doubt upset all the economists who seem to regard these numbers as essential parts of their bibles," said Mark Thomson, a spokesman for the Customs and Excise department, which collects the data.

Better yet: The trade statistics for Britain's trade with the rest of the world will continue to be published. Economists say those numbers are likely to make for far cheerier reading than those for trade with the Community.

Next year, as European growth continues to slow, economists expect Britain's deficit to yaw open wider. In contrast, a U.S. recovery is expected to prove a boon to British exports. Statistics on that, of course, will be readily available throughout 1993.

A Sony 'Part' Rebels

Are rock-and-roll musicians merely interchangeable bits of "software" in the eyes of their record company paymasters? British rocker George Michael thinks so.

Earlier this month, Mr. Michael announced that he was so dissatisfied with the state of affairs at Sony Music Entertainment (UK) Ltd. that he was going to take them to the High Court in attempt to have his recording contract with the company thrown out.

Mr. Michael found himself working for Sony by accident. Ten years ago, when he was half of the pop group "Wham," he signed up with CBS Records, which was subsequently sold to Sony.

"Since the Sony Corporation bought my contract, along with everything and everyone else at CBS Records," Mr. Michael said in a statement, "I have seen the great American music company that I proudly signed on as a teenager become part of the production line for a giant electronics company."

Chris Poole, Mr. Michael's spokesman, says that his client would never record again rather than record for Sony.

Insolvency Sells

Barbara Freener is one of the few Britons in recent months to have found inspiration in the headlines of the local business press. The daily litany of layoffs and retrenchments is depressing stuff, unless you're thinking about starting up a publication called "Insolvency Bulletin."

"Reading the papers today, no one could deny there is a market there," said Ms. Freener, editor of IB, which rolled out its first issue last month. With such articles as "Insolvency Fees: What is the Recession Paying?" and "Bailiffs: The World's Second-Oldest Profession Speaks Out," the 24-page monthly has met with early success.

The buoyant state of the insolvency business it covers poses some delicate problems for IB's editors, however.

"We try not so much to say it is a booming industry so let's all get together and celebrate," Ms. Freener said. "Still, insolvency is a very big business and it is profitable."

Greening of the Metals

A half-century ago, Britain still had its empire, the London Metals Exchange was the largest metals market in the world and none dared question the propriety of all of its prices being quoted in sterling. Now they do.

On Nov. 11, the LME, which still ranks as the world's largest metals exchange, announced that all of its contracts would be quoted in dollars as of July 1.

"The all-embracing currency people want to work in is the greenback," said Mike Cottrill, an LME manager. "We are just reflecting what the world wants."

He and the rest of the Fianna Fail administration remain as a caretaker government until the Dec. 14 deadline for selecting a new coalition. Negotiations are not expected to be concluded before that date. Officials said Saturday that the cabinet "recognized its responsibility in maintaining stability pending the formation of the next government."

The punt has been stuck at its lowest permitted level against the Deutsche mark in the ERM since Spain and Portugal devalued their currencies in the grid a week ago.

Irish interest rates have soared, with the central bank planning to charge 100 percent overnight interest rates starting Monday on excess borrowings of punts, to stem speculation in the currency. Commercial bank rates to customers have already begun to climb.

And Irish exporters, whose principal market is Britain, are complaining about their declining price competitiveness there since the pound's devaluation in September.

On Friday, the vice president of the Bundesbank, Hans Tietmeyer, said that the German central bank would defend the punt and the Danish krone within the ERM "according to the rules of the system." The krone also has come under pressure in the past week.

Still, Bundesbank officials made similar statements about the British pound up until it was devalued in September, traders said. (Reuters, Bloomberg)

Kohl Presses Tax Plan and Solidarity Pact

Government, industry and unions have for months been discussing plans for a pact that would help meet the costs of German unification and pave the way for lower interest rates.

On Sunday, Mr. Kohl said the pact should be ready by the end of the year, and should emphasize maintaining a strong mark and promoting economic recovery in Western Germany, before asking Eastern Germany's debt of 400 billion Deutsche marks (\$250 billion).

"I simply cannot imagine how we could get that money from the present budget," the German leader said. "We have to find some additional revenue sources."

"I would like to finalize legislation in the first half of 1993, so that everybody can see what will be happening to him in 1993," Mr. Kohl said, reiterating his opposition to bringing in new taxes now.

The high wage increases contributed to German interest rates remaining uncomfortably high, which hampered economic growth abroad.

Mr. Kohl said that only if Western Germany's economy quickly recovered would the government have the means to finance East German reconstruction.

Tax revenue has been falling, widening the budget deficit, as the economy slowed in the third quarter.

"We have to do everything possible to get the economy, especially in the West, back on its feet as quickly as possible," Mr. Kohl said.

"In such a difficult economic situation, where companies are laying off workers," he said, "one of course cannot raise costs, but instead has to cut costs. That's why I am strictly opposed to raising taxes now."

Report of Loss at VW Volkswagen AG will have an operating loss of 1.1 billion DM in 1992, Der Spiegel reported.

But a VW spokesman said there was "nothing new" about the company's results, adding, "We have known for quite a while that our costs are too high and our productivity too low."

He noted that VW never gives details of operating results.

Last Tuesday, VW said group net profit fell 12.6 percent to 549 million DM in the first nine months of the year.

Ireland Holds Firm On Value of Punt

Officially said Finance Minister Bertie Ahern on Saturday briefed cabinet colleagues on meetings in Brussels about the turmoil on European currency markets. EC foreign and finance ministers met Friday to discuss budget and other issues.

The Irish cabinet decided to make no policy change. "Government policy in this regard is unaltered," one official said.

Mr. Ahern had earlier denied market rumors that Ireland could devalue as early as this weekend after Wednesday's elections prompted uncertainty over the formation of a new government.

He and the rest of the Fianna Fail administration remain as a caretaker government until the Dec. 14 deadline for selecting a new coalition. Negotiations are not expected to be concluded before that date. Officials said Saturday that the cabinet "recognized its responsibility in maintaining stability pending the formation of the next government."

The punt has been stuck at its lowest permitted level against the Deutsche mark in the ERM since Spain and Portugal devalued their currencies in the grid a week ago.

Irish interest rates have soared, with the central bank planning to charge 100 percent overnight interest rates starting Monday on excess borrowings of punts, to stem speculation in the currency. Commercial bank rates to customers have already begun to climb.

And Irish exporters, whose principal market is Britain, are complaining about their declining price competitiveness there since the pound's devaluation in September.

On Friday, the vice president of the Bundesbank, Hans Tietmeyer, said that the German central bank would defend the punt and the Danish krone within the ERM "according to the rules of the system." The krone also has come under pressure in the past week.

Still, Bundesbank officials made similar statements about the British pound up until it was devalued in September, traders said. (Reuters, Bloomberg)

THE TRIB INDEX
International Herald Tribune World Stock Index, composed of 230 Internationally investable stocks from 20 countries, compiled by Bloomberg Business News.
Week ending November 27, daily closings, Jan. 1992 = 100.
World Index, Asia/Pacific, Europe, North America.
Industrial Sectors/Weekend close table with columns for 11/29, 11/30, 12/01, 12/02, % change.

CURRENCY RATES
Cross Rates table with columns for currency, rate, and date.
Other Dollar Values table with columns for currency, rate, and date.
Forward Rates table with columns for currency, rate, and date.

Paris Aide Likens Farm Veto Threat To The Big One
PARIS — The French threat to veto a world trade deal to win farm concessions from the United States is like a nuclear deterrent it hopes it will not have to use, Industry and Trade Minister Dominique Strauss-Kahn said Sunday.

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ASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Nov. 27. Table with columns: Symbol, Sales, High, Low, Close, Net Change. Includes various stock symbols like A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table with columns: Symbol, Sales, High, Low, Close, Net Change. Continuation of OTC trading data for various companies.

Table with columns: Symbol, Sales, High, Low, Close, Net Change. Continuation of OTC trading data.

Table with columns: Symbol, Sales, High, Low, Close, Net Change. Continuation of OTC trading data.

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Large table of financial data, likely stock prices or market indices, organized in columns and rows.

Handwritten Arabic text: شكرا جزيلا

New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, and Terms. Lists various international bond issues from floating rate notes to equity-linked bonds.

RATES: Year-End Truce Stalls Attack on Currencies

(Continued from first finance page) of interest rates. "Interest rates are too high for the current economic environment in Europe," said Laurence Kamtor, chief European economist for J.P. Morgan in London.

against the franc in the new year might be a dramatic political gesture. One such gesture would be for the French government to give the Bank of France its independence, a step that could be followed by a pooling of reserves with the Bundesbank.

locked in a range of 1.55-1.62 DM. Although the latest U.S. economic data has been more upbeat than most economists had been expecting, analysts are wary that the statistics may be exaggerating the underlying strength of the economy.

RUSSIA: Economic Doom Defied, but Politics Looms

(Continued from page 1) credit provided to big enterprises, avoiding hyperinflation and stopping the drop in industrial production — Western officials are more optimistic that Mr. Gaidar can keep to the essentials of his economic program.

price-and-wage freeze, a fixed international exchange rate for the ruble and central control of resource allocation. "They're pulling back, but not all the way back, and we can live with it," a senior Western diplomat said.

ted the illegal export of oil, gas, timber and other national "wealth" to the West. Last week, he took control of a huge natural-gas development project in the Barents Sea from a foreign consortium and gave it to a Russian one trying to convert from military production.

BANKRUPTCY: System Ails

(Continued from first finance page) more than a year to disclose how they will pay back creditors. Congestion in the bankruptcy courts has compounded the delays, giving creditors another reason to avoid the process and negotiate with debtors outside the system, as did Mr. Trump's lenders.

Under a Chapter 11 bankruptcy proceeding, which is typically used by businesses, the same management team that presided over a company's failure is likely to be left in charge. In that case, management has the exclusive right to propose solutions to the company's financial problems.

More than 943,000 individuals and companies sought bankruptcy protection last year. Experts say a million more will do the same during 1992.

Market Set for Further Gains
Chance of Fed Tightening Is Seen as Remote

NEW YORK — U.S. Treasury bond prices are likely to improve this week based on expectations of a moderate increase in nonfarm employment and a newly relaxed attitude toward Federal Reserve policy, analysts said.

degree of tightening built into this level is appropriate. A sluggish jobs picture may conflict with other data suggesting expansion, but analysts said this is because productivity has been stepped up at the expense of jobs.

Aide Takes Blame in India Scam

NEW DELHI — India's central bank governor has accepted moral responsibility for lapses leading to a huge securities scam that wiped billions of dollars off share values, a legislator said over the weekend.

The Week Ahead: World Economic Calendar, Nov. 30 - Dec. 5

Table listing economic events for various countries from Nov 30 to Dec 5, including interest rate decisions, trade agreements, and government reports.

China Puts New Hope In U.S. Trade Forum

BEIJING — The resumption next month of regular U.S.-Chinese ministerial-level trade talks, suspended after the 1989 Tiananmen crackdown, will help improve relations overall, a government spokesman said on Sunday.

Europe

NEW LONDON — Prime Minister John Major of Britain made for talks with opposite number in Luxembourg and then heads to Madrid, Agence: Preparing ground for European Community summit meeting in Edinburgh on Dec. 11-12.

China Puts New Hope In U.S. Trade Forum

BEIJING — The resumption next month of regular U.S.-Chinese ministerial-level trade talks, suspended after the 1989 Tiananmen crackdown, will help improve relations overall, a government spokesman said on Sunday.

Americas

NEW YORK — Washington Third quarter trade deficit on balance of payments basis. Washington Three- and six-month bill auction results. Washington Fed reports on selected interest rates.

Talks Are Planned on Torras Affair

BARCELONA — Senior officials of the International Investment Office are to meet in the next few days with Spanish authorities to discuss the serious financial difficulties of Grupo Torras SA, several sources said over the weekend.

Acknowledging that he had recently met with KIO's senior Kuwaiti officials, Mr. Solchaga confirmed that KIO might file legal proceedings against the executives formerly responsible for its interests in Spain.

The Madrid reported the judge handling Fesa's suspension of payments puts the company's losses at 120 billion pesetas.

Last Week's Markets

Table showing stock indexes, money rates, and other market data for the week ending Nov 27.

Euromarts At a Glance

Table listing Eurobond yields for various countries and maturities.

MUTUAL FUNDS

Table listing mutual fund performance metrics including assets, returns, and expenses.

Weekly Sales

Table showing weekly sales figures for various companies or sectors.

Libor Rates

Table listing Libor rates for different currencies and maturities.

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WORLD STOCKS IN REVIEW

By Agence France-Press

Amsterdam

The stock exchange marked time last week, barely moving despite active trading.

Frankfurt

Poor company results and pessimism on the prospect for interest-rate cuts depressed stocks, preventing the market from sustaining the previous week's rally.

Hong Kong

Share prices recovered 1.85 percent after the previous week's 7 percent plunge but investors remained wary over the continuing Sino-British political dispute.

in losses Wednesday ahead of a Legislative Council decision on approving additional funds for Hong Kong's new multi-billion dollar airport project despite China's objections over its costs.

London

The stock exchange finished the week at a new record high, boosted by encouraging U.S. economic news and Wall Street's firm trend on Thursday and Friday.

The Financial Times-Stock Exchange 100-share index gained 27.7 points, or 1 percent, on the week to finish at 2,760.1.

The prospect of a U.S. recovery boosted dollar-earning stocks and encouraged optimism about a British pick-up in the spring, which was predicted by a Confederation of British Industry survey.

Savoy Hotel A shares gained 143 pence to 588 after the death of chairman Sir Hugh Wontner, who had defended the independence of the luxury hotel group for 40 years.

Milan

An absence of any buying interest and the re-emergence of pressure on the European Monetary System helped drive prices sharply lower in this trading. The MIB

index fell 3.32 percent to 872 points. Average daily volume fell to 80 million shares from 115 million.

Paris

Positive economic news helped the bourse to weather fresh currency speculation and recover some of its losses from the previous week.

The CAC-40 index gained 1.47 percent to finish the week at 1,749.66 points, after losing 4 percent the previous week.

The devaluation of the Spanish peseta and the Portuguese escudo the previous weekend had brokers braced for new attacks on the franc, but the storm passed with only limited Banque de France intervention and slight firming of short-term money-market rates.

News of a rise in French industrial output and retail sales and a 1 billion franc trade surplus in October then allowed the market to gain some ground, as German dealers warned that high German interest rates would continue to dampen buying interest.

Singapore

Share prices gained ground on the stock exchange, with interest in

Malaysian stocks underpinning the firm tone.

Tokyo

Buying interest from public pension funds pushed share prices moderately higher over the week.

The Nikkei average of 225 blue chips closed Friday at 17,470.61 points, up 437.01 or 2.5 percent from the previous week's close.

The broader Tokyo Stock Price Index finished at 1,307.54, up 30.63 points or 2.4 percent.

Investors were inspired by remarks by Prime Minister Kiichi Miyazawa that the government might take additional measures to promote public works projects in a supplementary budget.

Zurich

The focus was mainly on individual issues but the market finished the week slightly firmer.

Chicago Challenge: Secure the Futures

By Barnaby J. Feder
New York Times Service

CHICAGO — Chicago's world-leading futures exchanges are investing heavily to modernize as they battle to preserve their primacy in the markets for futures, options and related instruments.

The Chicago Mercantile Exchange and its rival, the Chicago Board of Trade, are spending millions of dollars annually on electronic systems. Some of these systems aim to make the current open-outcry trading more efficient by eliminating paper orders along with many of the clerical workers who handle them.

Other systems will sidestep the pits to help Chicago's traders compete with new exchanges that trade exclusively via computers.

And in moves that once would have seemed unimaginable, top officials from the Merc and Board of Trade have set aside their rivalry to travel together to Europe and Asia on sales trips, to merge overseas offices and to begin negotiations to merge their back offices.

The exchanges' products are known as derivatives because they are based on underlying commodities. The extension of the futures concept from traditional commodities like crops, animals and metals to financial commodities like stocks, bonds and currencies has transformed derivatives into a basic cog in the global economy and one of the most incredible growth industries ever.

500 million futures and options contracts traded in the world last year. Chicago became the worldwide futures king by leading the development of financial futures.

But Chicago's share of futures and options trading, estimated at about 75 percent just five years ago, is now thought to be just under 50 percent and falling. The exchanges have been

The Merc and Board of Trade are spending millions on electronic systems and have set aside their rivalry to cooperate abroad.

losing ground to the approximately 50 exchanges outside the United States, about half of which have been founded since 1985.

Off-exchange deals between banks and other institutional investors are also a rapidly growing part of the derivatives business.

18.3 million contracts in 1972 to 112.4 million in 1982 to a peak of 276.5 million in 1990, according to the Futures Industry Association.

Options on commodities, and on futures contracts themselves, began trading in 1982 and soared to 64.1 million contracts by 1990.

Not included are trades on exchanges that focus on options on stocks or stock indexes. The largest is the Chicago Board Options Exchange.

In the past, the exchanges' growth has been driven by a handful of big products. The Board of Trade, founded in 1848, owes its claim to being the world's largest derivatives exchange primarily to its 30-year Treasury bond futures.

The Merc, founded in 1919, has grown even faster. It grabbed the lion's share of bets on short-term interest rates, through Eurodollar contracts, and foreign-exchange movements, through foreign-currency futures. And with its Standard & Poor's 500 contract, it is Wall Street's favorite place to trade stock futures.

Seoul Resists Business Call to Pump Up Economy

Agence France-Press

SEOUL — Business leaders say South Korea is in a serious slump and are demanding that President Roh Tae-woo's government take quick action to reinvigorate the economy.

But the government, facing a presidential election Dec. 18, has made it clear it will stay on its course of stabilization to check inflation and excessive consumption.

A poll conducted by the Lucky-Goldstar Economic Research Institute found that 78.1 percent of entrepreneurs thought Korea was facing stagnation, and 64 percent said the government should take measures to boost the economy.

growth during the third quarter was 3.1 percent, after registering 7.4 percent and 5.9 percent in the first and second quarters. The latest period had the lowest quarterly rate in 11 years, the report said.

Choi Chang Nak, vice president of the Federation of Korea Industries, urged the government to "drastically change its economic stabilization policy" and take measures that would "forcefully promote investment to revive the sagging economy."

But the economic planning minister, Choi Gak Kyu, said any drastic departure from austerity would send the economy back to where it was in 1990 and 1991, with double-digit inflation and a gaping trade deficit.

He said the economy appeared to be headed towards 5 percent growth in gross national product, 5 percent inflation and a \$5 billion deficit this year. That, he said, would be a sharp improvement from last year's \$10 billion trade deficit and 9.7 percent inflation.

South Korea on Saturday reported a \$168 million current-account surplus for October, the third straight monthly surplus.

Seoul will allow foreign companies specializing in high-technology services and insurance to own real estate in South Korea starting next Tuesday, an Interior Ministry spokesman said, according to a Reuters dispatch.

BUSINESS BRIEFS

China Taps POSCO to Build Highway

SEOUL (AFP) — China has asked Pohang Iron & Steel Co. of South Korea, known as POSCO, to spearhead an \$8 billion speedway linking Beijing to Hong Kong in the largest joint venture yet between the two countries, published reports said Sunday.

The world's third-largest steelmaker was asked by the state-run Shougang Corp. to form a consortium to start building the 2,400 kilometer (1,500 mile) expressway next year, a POSCO spokesman was quoted as saying.

Shougang also has proposed that POSCO take part in establishing a joint venture cold-rolled steel mill in China and a joint venture investment bank in Hong Kong to finance the projects, POSCO said.

R&D Rivalry Hones Japan's Trade Edge

By Carl Gewirtz
International Herald Tribune

PARIS — What makes Japan Inc. so much more successful at international trade than business in any other industrial nation? The answer is "fierce domestic competition," according to the Organization for Economic Cooperation and Development. A new study from the group of 24 industrial nations adds: "The dynamic effects on competition can be seen most clearly in the commitment to investment in research and development in the private sector."

The report notes that corporate commitment to product research and development is enhanced by the unique company structure in Japan, where just over two-thirds of all corporate shares are held by what it calls stable owners: banks and life insurance companies with 42 percent and other companies holding 25 percent.

This 67 percent "stable" ownership is well above 50.4 percent in Germany, 14 percent in Britain and 0.3 percent in the United States.

In Japan, these intercorporate relationships are strengthened by interlocking directorates and deepened by exchanges of personnel. As a result, management has great control, and share prices are less sensitive to fluctuations in short-term profits than in the United States or Britain. This gives management a longer planning horizon and an ability to direct its energies to product research and innovation.

Protection from hostile takeovers encourages innovation, the report observes, because the penalties of late entry outweigh those of building ahead of demand. In America and Britain, by contrast, late entrants can recoup by acquiring an established firm.

One distinguishing aspect of Japanese R&D is that it is motivated more by marketing and manufacturing considerations, including customer feedback, than in other industrial countries.

Still, the study also says there is "widespread" suspicion that Japan's trade success is based on an artificially low level of imports that are impeded by long-term relationships between buyers and sellers who own each other's stock or belong to the same corporate grouping, or keiretsu. The report notes that outside companies often claim that keiretsu are unwilling to deal with goods provided by a non-keiretsu company.

These inter-company relationships are under increased surveillance by the Japanese government but the OECD says "there can be no presumption that they are intrinsically anti-competitive" because of their benefits for efficiency.

U.S. Is Scolded on Budget Deficit
Steven Greenhouse of The New York Times reported from Washington: The OECD also scolded the United States for refusing to increase taxes to cut its \$290 billion budget deficit. The OECD said that Washington was forced to borrow billions in investment capital from abroad. This, it suggested, was turning America into an economic ogre — gobbling up huge sums needed by Third World nations and the former Soviet bloc in order to continue living beyond its means.

The OECD noted that among its 24 members, only Turkey collected a lower percentage of gross domestic product in taxes than the United States. Americans pay 32 percent of GDP in federal, state and local taxes, compared with more than 40 percent for the 23 other countries. The report said the United States "would remain among the least taxed even if taxes were raised sufficiently to balance the federal budget."

Taiwan Vows to Open Financial Door

TAIPEI (Reuters) — Taiwan will open its market wider to foreign financial institutions to prepare for the island's entry into the General Agreement on Tariffs and Trade, officials said Sunday. The world trade body began a formal review in September of Taipei's application to join.

Taipei will review restrictions on foreign banking and insurance operations, including a rule allowing only three non-foreign banks to set up branches each year, a senior Monetary Affairs Bureau official said.

The Commercial Times newspaper quoted Finance Minister Pui Pei-yang as saying that Taiwan would allow European insurance firms to establish branches starting next July. U.S. insurance companies and U.S. units of foreign firms were allowed to do so in the 1980s.

Iran Firm Wins KIA Assembly Deal

TEHRAN (AFP) — KIA Motor Co. of South Korea signed an accord Sunday with SAIPA of Iran to assemble 30,000 vehicles a year, ending 16 years of cooperation between Iran and the French carmaker Renault.

Business sources said SAIPA would assemble 10,000 units of KIA's Pride cars from imported kits next year, and hoped to put together 30,000 Prides a year starting in 1994. The value of the contract was not known.

The agreement confirms the split between Renault and the state-owned SAIPA, according to the sources. Renault has been SAIPA's main partner since 1977, assembling its R5 cars from imported kits.

Japan Tycoon Draws Huge Tax Fine

TOKYO (AP) — Kenichi Nakajima, listed three years ago as Japan's richest man, has been fined 26 billion yen (\$209 million) for allegedly failing to report 50 billion yen in income, media reports said Sunday.

The reports said the amount of allegedly unreported income was the largest ever in Japan.

Mr. Nakajima is president of Heiwa Corp., which controls about 30 percent of Japan's market for machines for pachinko, a form of pinball. Kyodo News Service said the case was connected with the listing of shares in Mr. Nakajima's company on the over-the-counter market in 1988.

China Steel to Shift \$3 Billion Project

TAIPEI (AFP) — China Steel Corp. has decided to shift plans to build a \$3 billion steel plant away from Malaysia to other countries, including the former Soviet Union and Vietnam, published reports said Sunday.

The Commercial Times newspaper said that the state-run company's move came after Malaysia had stalled on the signing of an investment protection pact.

Indonesian Banks Losing Public Trust

Agence France-Press

JAKARTA — The troubles of Bank Summa, owned by one of Indonesia's strongest business families, are causing ripples that threaten to turn into a tidal wave for other, better performing private banks.

In the latest incident, rumors sparked a bank run on a Jakarta outlet of Bank Subentra, an apparently healthy bank. An estimated 1.6 billion rupiah was withdrawn from the bank in just a few hours before closing Friday.

"There is even a certain bank which had up to 40 billion rupiah withdrawn in a rush," said Thomas Suyatno, secretary-general of the Indonesian Private Bank Association. He did not identify the bank.

"If no clarity is shed on the Bank Summa case, public trust in banks would suffer," Kwik Kien Gie, an economist, wrote in the latest issue of the weekly Editor.

Bank Indonesia, the central bank, has been accused of incoherence. Although it has injected funds or helped bail out smaller private banks in the past, it was reluctant to bail out Bank Summa.

Critics have said that Bank Indonesia, aware of the financial troubles besetting Summa, also had failed to warn the public in time and even allowed the bank to postpone submission of its annual financial report.

"It cannot be denied that the Bank Summa case will influence public trust on private banks," Abdullah Ali, director of Bank Central Asia, told the Editor.

There are around 170 banks in Indonesia, of which nearly 100 are privately owned. There are also seven big state banks, 27 banks owned by the provincial governments and 30 that are foreign or joint venture banks.

Analysts have said that depositors now favored state banks. "The trend of rising third party funds in state banks is continuing," the central bank's vice president, Dahlan Sulaksana, said last week.

Mr. Kwik, the economist, said that state banks and foreign banks enjoyed "wide public trust," despite the fact that, according to him, "those actually in worst conditions are the state banks."

The suspension of Bank Summa has cast doubt on the reliability of the country's mushrooming private banks, and rumors have sparked runs on several other banks in Jakarta and in Medan, north Sumatra.

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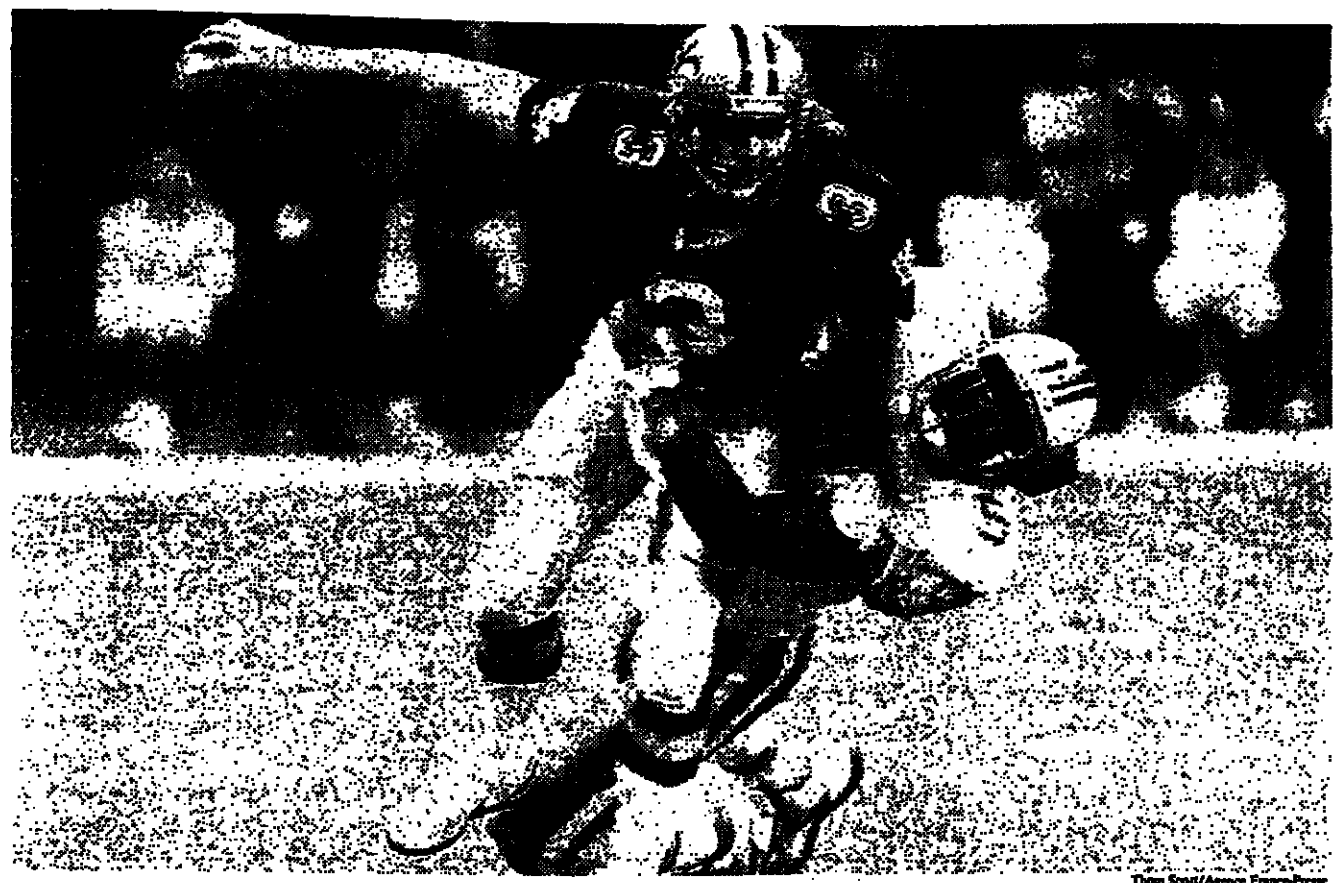
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MONDAY SPORTS FOOTBALL



Linebacker Bryan Cox of the Dolphins brought the Saints' quarterback, Bobby Herbet, to the ground in the NFL game in New Orleans.

Redskins Thrash Cardinals, 41-3

Compiled by Our Staff From Dispatches
The Washington Redskins kept their playoff hopes alive on Sunday with a 41-3 drubbing of Phoenix...

the Redskins moved ahead 17-3 on a 52-yard Chip Lohmiller field goal with 2:57 left in the first half...

the Falcons ended New England's two-game winning streak. Broussard scored on an 8-yard run and caught an 18-yard pass...

the Cardinals' defense with third-quarter interception returns of 32 and 18 yards. Packers 19, Buccaneers 14: In Milwaukee, Brett Favre hit Jackie Harris with a go-ahead touchdown pass...

Easy Victories Keep Miami and Florida State on Championship Track

The Associated Press
On a day when Miami and Florida State kept their national college football championship hopes alive, Marshall Faulk's Heisman Trophy hopes may have died.

back, who is 26-1 as a starter, left the game near the end of the third period and did not return. Larry Jones and Stephen McGuire each rushed for two touchdowns, and Lamar Thomas caught two TD passes...

school record for total offense in the run in Tallahassee. The victory kept the Seminoles (10-1) in the national championship chase. If Alabama loses to Florida next week in the Southeastern Conference title game and Florida State moves up to No. 2, the Seminoles will get a rematch against Miami in the Fiesta Bowl.

No. 5 Notre Dame 31, No. 19 Southern Cal 23: In Los Angeles, Tom Carter's end-zone interception with 10 seconds left wrapped up Notre Dame's 10th straight victory over Southern Cal. The Irish (9-1-1) apparently are headed for a Cotton Bowl match against Texas A&M or an Orange Bowl date with Nebraska.

Mississippi State had the ball inside the Mississippi 9 three times in the final minutes, but could not score. Ole Miss (8-3) is headed to the Liberty Bowl, while State (7-4) is going to the Peach Bowl.

Georgia (9-2) will play in the Citrus or Gator bowls. Tech finished with a 5-6 record. Tech's Shawn Jones, who completed 26 of 46 passes for 305 yards and two TDs, broke the Atlantic Coast Conference record for total offense in a career with 9,296 yards.

from heart surgery earlier this season, was expected to be named the Volunteers' new coach. He will probably share the head coaching duties with Majors in the Hall of Fame Bowl.

the Browns (6-6), who were out-gained 320-178, won their only game on defense and special teams. David Brandon returned an interception 92 yards in the first quarter, marring Peter Tom Willis' first NFL start, and Eric Metcalfe scored on a 75-yard punt return in the third quarter.

NASDAQ NATIONAL MARKET

Table with multiple columns listing stock market data including OTC Consolidated trading for week ended Friday, Nov. 27, and various market indices like NYSE, NASDAQ, and S&P 500.

MONDAY SPORTS BASKETBALL

Knicks Get Even, Battering Jordan and the Bulls, 112-75

By Clifton Brown
New York Times Service

What the New York Knicks did to the Chicago Bulls was as subtle as a punch in the face.

It was the Knicks at their best. It was the Bulls and Michael Jordan at their worst. It was just one game, but it was the sort of performance that New York would like to bottle and reopen for the playoffs.

Dominating the defending National Basketball Association champions, the Knicks punished the Bulls, 112-75, before a sellout crowd of 19,763 on Saturday in Madison Square Garden.

Jordan, who injured his left foot during the first quarter, finished with 17 points on 4-for-20 shooting from the field. But even a healthy Jordan might not have made much difference. The Knicks were determined to get both respect and a little revenge against the team that eliminated them in a memorable seven-game playoff series in May. And in

their first game this season against the Bulls, the new-look Knicks looked almost picture perfect.

The 75 points was the Bulls' fewest ever against the Knicks, and the Bulls' lowest point total this season. The margin of defeat was the largest for Jordan since he started his pro career in 1984.

"We got our butts kicked today," Jordan said. "We didn't come in with the same intensity they did. It's been a while since we've been totally taken out of a ball game like this."

He said he would have his foot X-rayed to make sure the injury was not serious. But it did not take X-rays to figure out what the Knicks did to the Bulls.

Charles Oakley, in a virtuoso performance, finished with a season-high 16 rebounds. But it took more than numbers to measure Oakley's impact on the game. He

played inspired defense, he turned Bulls' forward Horace Grant (11 points, 7 rebounds) into not much of a factor, and he was the primary reason for the Knicks' overwhelming rebounding edge, 57-36.

And Oakley had plenty of help. Patrick Ewing (26 points, 15 rebounds) was dominant. He snatched rebounds, he played aggressive and intimidating defense, he took good shots, and he made smart passes when double-teamed.

In other games, The Associated Press reported:

Pacers 134, Hornets 122: In Charlotte, North Carolina, Reggie Miller scored a team-record 57 points, the most in the NBA in three seasons, for Indiana.

Miller, who scored 45 points in the middle two periods, made 16 of 29 shots — including four 3-pointers — and was 21 of 23 from the free-throw line.

Miller's previous high was 44, set against the Bulls on Jan. 10, 1990.

He also broke the club's single-game NBA scoring record of 52 set by Billy Knight on Nov. 11, 1980.

Magic 95, Cavaliers 93: In Orlando, Florida, Dennis Scott and Shaquille O'Neal carried Orlando for more than 47 minutes before Nick Anderson's reverse layup with 2.8 seconds remaining beat Cleveland.

Scott scored 28 points and O'Neal had 22 points and 14 rebounds to help the Atlantic Division leaders improve to 8-3.

Timberwolves 82, Pistons 80: In Minneapolis, Christian Laettner scored 25 points and made two big plays down the stretch as Minnesota handed Detroit its seventh successive loss.

Laettner had a blocked shot and an offensive rebound on a free throw in the final minute.

Celtics 117, 76ers 109: In Philadelphia, Kevin McHale and Kevin Gamble each scored 19 points and

Sherman Douglas scored 11 of his 18 in the fourth quarter as Boston won its third straight.

Spurs 104, SuperSonics 97: In San Antonio, David Robinson scored 15 of his season-high 42 points in the fourth quarter.

San Antonio trailed Seattle by three points with four minutes remaining, but rookie Lloyd Daniels, who scored 24 points, ignited a rally with his fourth 3-point basket of the game, tying it 69-69 with 3:24 left.

Jazz 108, Rockets 99: Jeff Malone scored 18 of his 40 points in the third quarter as Utah continued its strange home-road saga by winning in Houston.

The Jazz, 37-4 at home and 18-23 on the road last season, are now 1-4 at home and 6-1 on the road.

Bucks 97, Bulls 95: In Milwaukee, Frank Brickowski scored 25 points and surprising Milwaukee

rallied from nine points back in the final quarter to beat Washington.

The Bucks withstood a 20-3 second-half run and several last-second shots by the Bulls, who got a career-high 35 points from Harvey Grant.

Clippers 121, Nuggets 119: Mark Jackson scored 27 points and Danny Manning 23, giving Los Angeles a victory in Denver that reversed their result of the night before.

Rookie LaPhonso Ellis had 27 points and 15 rebounds for Denver.

Nets 94, Kings 89: In Sacramento, California, Drazen Petrovic scored 14 of his 26 points in the fourth quarter as New Jersey continued its stellar play on the road.

Warriors 134, Suns 131: Chris Mullin's 36 points led Golden State to its first home victory this season.

The Warriors, who were 0-4 at Oakland Coliseum, became the last NBA team to win at home.



Michael Jordan being helped off court after injuring his left foot.

SCOREBOARD

NBA Standings

EASTERN CONFERENCE			
Atlantic Division			
Team	W	L	Pct
Orlando	7	3	.700
New York	7	3	.700
Boston	5	5	.500
Atlanta	4	6	.400
Washington	4	6	.400
Philadelphia	4	6	.400
Central Division			
Team	W	L	Pct
Chicago	9	3	.750
Milwaukee	9	3	.750
Charlotte	6	6	.500
Indiana	6	6	.500
Cleveland	6	6	.500
Detroit	5	7	.417
WESTERN CONFERENCE			
Midwest Division			
Team	W	L	Pct
Utah	7	3	.700
Houston	7	3	.700
San Antonio	5	5	.500
Denver	5	5	.500
Minnesota	4	6	.400
Dallas	4	6	.400
Pacific Division			
Team	W	L	Pct
Portland	8	2	.800
Seattle	8	2	.800
Phoenix	6	4	.600
L.A. Lakers	6	4	.600
L.A. Clippers	6	4	.600
Sacramento	5	5	.500
Golden State	5	5	.500

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MONDAY SPORTS SKIING

Tomba's a Bomba as Aamodt and Tescari Win Season's First Races



A disappointed Alberto Tomba after he fell in the second run of the slalom on Sunday, losing what had seemed to be a certain victory.

Slalom Fiasco Caps Weekend of Woe for All-Italian Hero

By Ian Thomsen

International Herald Tribune

SESTRIERE, Italy — The giant slalom course required down to the finish line like the bottom half of a question mark. At its period waited Albert Tomba, chest heaving, looking up the mountain. Up on top of the hill, the young Norwegian appeared in distant mirror, sailing back and forth like a dry leaf falling from a tree.

The people, standing tens of thousands of them alongside the sloped fences, were watching the Norwegian but cheering on their Tomba. Not two minutes earlier he had finished in tentative first place in the opening race of the 1992-93 World Cup season. Struggling now to regain his breath as his Norwegian challenger grew ever larger down the mountain, Tomba fixed a brave smile, one not for glory.

Tomba will turn 26 in less than a month; he has begun to discuss retirement — three years from now, he says. He was standing in his ski boots Saturday with a television camera staring at him when the noise died all around as quickly as a fire started of oxygen. Suddenly this Norwegian, Kjell Andre Aamodt, just 21 years old, had no concern for his precise time — a combined 1:48.34, or 47 seconds faster than Tomba. Aamodt's skis could be heard whispering across the snow. He thrust upward his poles, stabbing at the quiet.

You knew you won when all went silent, he was told.

"Yes, that's true," Aamodt agreed. "It's a great feeling and it's my greatest win ever, I think."

Happiness was overwhelming him. His greatest? Just last year he had won the Olympic super-G. He amended his statement. "It's one of my greatest achievements," Aamodt said. It was his only his second World Cup victory.

More important in the overall scheme, it was Tomba's first disappointment in what would become for him, as he distated the snow from his orange suit, a bumper week-end. He had won four of the previous five races at Sestriere. His first World Cup victory had been here in 1987, as his new fans erupted, and he shouting, "I am a beast!"

Tomba was 20 then. He was Aamodt.

"The conditions favored Aamodt today," Tomba said. "The runs were short and fast. I prefer to race longer and tougher giant slaloms, but a top three finish is O.K."

Tomba would not be popular without his results — 28 World Cup victories, three Olympic gold medals — but for his failures is he beloved. He touts it and if not for his failures he might have won even more. But then he would not be Tomba. Disappointments in 1988-89 led him to hire a psychiatrist. He admittedly has not regained total confidence. If he skied the dangerous super-Gs and downhill, he could win the overall championship; without them he finished No. 2 in three of

the last five seasons, and he already has given up hope of winning it this year. At Albertville, after becoming the first skier to win back-to-back golds in the same event, he attempted to defend his other Olympic title in the slalom. His first run was horrible, 1.58 seconds slower than leader Finn-Christian Jagge of Norway. Tomba skied the second run in the definition of a legend, surging past eight of those in front of him, beaten only by Jagge. Tomba collapsed at the finish line to a public roar. Beaten, but loved.

On Saturday at least 20 signs greeted Tomba, many representing his fan club — from Bologna, Sestriere, one came from Mexico. An oil painting posted behind the finish line depicted Alberto's face framed inside a heart, which hovered like the sun over Lake D'Orta, Italy. "In my heart forever," the painting read. Standing beneath it, two men had their photo taken, their eyes shut and hands clasped in prayer.

"I think he is so much, what is your word? Clean," said Alessandro Porro, 24, a clothes wholesaler from near Turin who helped friends prepare a 40-foot-long (12-meter) banner to Tomba. "He is not built up. In Italy, especially in football, the athletes all say what they are supposed to say. You read the interview, and they said nothing in the interview. They are built up to be more than they are. They sound all the same."

"Alberto is special because he does what he wants. He is simple and clean. He goes to the disco, sees some people, and makes friends with them. He's not an actor. You yell and he turns around."

If his frailties make him human, Tomba understands that only success can keep him rich. On Sunday, he returned to the mountain for the slalom. As he turned around to see the time of his first run — at 54.63, good for a .95 second lead over his

little-known countryman, Fabrizio Tescari — the fans cried out for him, but Tomba offered just one wave. He then avoided their gauntlet, requesting a police escort to a waiting truck.

Tescari, 23, suffered a terrible knee injury three years ago. As he began his second run Sunday, he wanted only to be fast again. It has taken him this long to recover. Crossing the finish line to the surprising, soothing warmth of cheers, he spun a pole above his head like a lariat. Then he turned around and looked up the hill, at Tomba.

A blind man would know when it was Tomba skiing. Mishling through the gates, a splash of snow appeared where there should be none. He had lost his balance, the race was lost — then he rushed down the hill again, determined to be the combined winner of the weekend's two races. In his frenzied halfway there he tripped over another flag.

At that point, his only real opponent was himself. Paul Accola, last season's overall World Cup champion, had straddled a gate and failed to finish the first run. Aamodt, trying to make up a 1.09-second deficit to Tomba, had missed a gate at the top of his second run.

"I should have skied in a less aggressive way since I had a strong lead on Tescari," Tomba said. "But as you know, I don't compete to score points, but to win races."

Tescari, the winner in 1:58.48, held aloft the trophies of his first World Cup victory. People yelled his name and he turned around, but it was not the same. They were disappointed when he turned around.

As for Tomba, the flag had knocked loose his ski and spun him halfway around, sliding backwards down the hill, waving his arms to keep from falling. It was a humbling pose. They will remember it the next time, when he wins.

Tokai Teio Triumphs in Japan Cup

Compiled by Our Staff From Dispatches

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Running before a record crowd of more than 168,000, the 4-year-old colt ridden by Yukio Okabe covered the 2,400 meters (1 1/2 miles) of Tokyo Race Course's turf track in 2 minutes, 24.6 seconds.

The victory was worth 169 million yen (\$1.36 million) from a total purse of 392 million yen.

Naturalism, a 4-year-old colt ridden by Leonard R. Dittman, was second in 2:24.7 and received 68 million yen.

Dear Doctor of France, ridden by Cash Amussen, finished third in 2:24.8, a half length behind Naturalism.

The pre-race favorite in the 14-horse field, User Friendly of Britain, finished sixth under George Duffield. The jockey said User Friendly lost strength at the end "because of exhaustion from previous races."

It was Okabe's second victory in the Japan Cup, the only race in this country that is internationally recognized as a Grade One competition.

Okabe, who had won aboard Symboli Rudolf in 1985, called it "an unforgettable victory."

"I had no specific strategy but I wanted to make sure he ran comfortably in the early stages," added Okabe, who rode 10 winners in two days earlier this month.

Romania Beats Cyprus, Milan Wins Battle of Italy

Compiled by Our Staff From Dispatches

Romania defeated Cyprus, 4-1, Sunday in the first leg of their European Group 4 qualifying match for the 1994 World Cup soccer championship.

Romania held the upper hand from the start of the match in Lamaca, Cyprus, with George Popescu scoring in the third minute.

The Cypriots repeatedly counter-attacked in the next 10 minutes, but the closest they got was hitting the Romanian goal's upright bar.

The visitors, on the other hand, played guardedly, with their second goal coming on a long shot by Florin Raducioiu, in the 36th minute.

Cyprus' only goal followed three minutes later, a penalty shot taken by Pambos Pitas.

George Hagi scored Romania's third goal off a deflected shot in the 70th minute, and George Mihali got the fourth four minutes from the end with a shot from inside the box.

In Turin, AC Milan won the clash of Italy's soccer giants, 1-0, to take a three-point lead in the first-division standings when Juventus star Gianluca Vialli casually

fluffed a penalty shot with two minutes to go.

To the huge despair of the home fans, Vialli took only a single step back before stroking the ball toward the corner of the net. Substitute goalkeeper Sebastiano Rossi pushed the ball out, but made a fine save against striker Pier Luigi Casiraghi on a follow-up shot.

Juventus was without leading striker Roberto Baggio, recovering from a cracked rib, and England midfielder David Platt, out until the New Year after a knee operation last week.

The Italian champions have not lost in the league for a year and a half. They got their goal when winger Marco Simone, alone in front of the net, scored from a pass by Croatia's Zvonimir Boban.

Paul Gascoigne's first goal in the Italian league, four minutes from the end of a match in Rome, gave Lazio a 1-1 tie with Roma. Former Italian international midfielder Giuseppe Giannini had put Roma ahead three minutes after half-time.

The match went off without incident, although under tight security. Saturday, the police wore knives, clubs, chains and neon-Nazi banners hidden near Olympic stadium. There has been a rash of anti-foreigner and anti-Semitic incidents recently in several Italian cities and in some soccer stadiums.

League officials announced that the Sampdoria-AC Milan match rained out in September will be played in Genoa on Dec. 23, turning down what sources said had been Japanese bids to have the match played in Tokyo.

Meanwhile Italian newspapers reported that Milan's veteran forward, Aldo Serena, formerly of Inter and Juventus, had received a rich bid to join the Japanese professional team Yomiuri.

Olympique Marseille will be without goal scorer Rudi Voller for seven weeks after he dislocated his left shoulder during the 2-1 French league victory over Caen on Saturday.

The German striker fell awkwardly after

after a clash with Caen midfielder Benoit Caulet, was taken to a hospital for treatment.

Voller, who scored in Marseille's 2-2 European Champions Cup tie with Glasgow Rangers last week in Scotland, had only recently come back from a three week break caused by a rib fracture.

The United States has been drawn into Group A with Ecuador, Uruguay and Venezuela for next year's America Cup, the South American soccer championship.

The United States and Mexico were invited to the tournament representing the CONCACAF, the soccer region for North and Central America and the Caribbean. The United States won last year's championship of the CONCACAF region.

Brazil, Chile, Paraguay and Peru were drawn into Group B, with Argentina, Bolivia, Colombia and Mexico going into Group C.

Brazil, with Jorgeinho scoring two goals, trounced the United States, 4-0, Saturday night and retained its FIFA Five-a-Side Indoor Soccer World Championship in Hong Kong.

(AP, Reuters, AFP)

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Bowe May Next Defend His Title At Halftime of Super Bowl Game

By William Gildea

WASHINGTON — First it was China. Rock Newman, manager of heavyweight champion Riddick Bowe, thought it would be a good idea if Bowe defended his title against George Foreman in Beijing.

Now he has another idea. He would like to have Bowe defend his title Jan. 31 at Washington's Convention Center during halftime of the Super Bowl football game.

It would serve as the Fox television network's halftime counter-programming, which attracted a significant number of viewers last year at halftime of the Washington-Buffalo Super Bowl game.

Bowe's opponent need not be the most proficient — there is only 32 minutes in a Super Bowl halftime and it would be helpful if Bowe could knock him out on deadline.

"If Rock wants to do it and Riddick wants to do it, this is a real possibility," said Kay Coleman, president of EMCL, the entertainment marketing firm that put together the "Halftime Party" that Fox showed last year during halftime.

"The biggest reason for Riddick to do it is the visibility," Coleman said. "About 120 million viewers

watch the Super Bowl and we believe enough would switch over so that it would be the biggest single audience in the history of boxing."

To counteract counter-programming, Michael Jackson has been lined up for this year's Super Bowl halftime. But Newman and Coleman envision a clamor to switch to a heavyweight title fight.

Newman said he would know more next week when the manager for Lennox Lewis, Frank Maloney, is expected to call back with final word on Newman's proposal for a Bowe-Lewis fight. Negotiations didn't go well when the two met with promoter Don Dewey for 3 1/2 hours Wednesday in New York.

Maloney said Newman wanted to buy a cut, but Newman said he made two "legitimate" offers. "Then they went back to England," Newman said. "I think they want to fight the Queen Mother."

Earlier, Newman met with Bob Arum, Foreman's promoter, but they couldn't come to an agreement, either. Both said afterward they doubted that a Bowe-Foreman fight would take place.

But Newman said a pay-per-view fight between Bowe and Ray Mercer in April in Las Vegas is a distinct possibility.

A little fine-tuning is all it might take for Bowe and Mercer to get together — unless Lewis changes his mind quickly. In fact, Bowe could fight Mercer, Tommy Morrison and maybe Michael Moore, another undefeated heavyweight, before Lewis.

"I've given them two chances," Newman said. "If they don't act quickly, they can get back at the end of the line."

As for the World Boxing Council belt, which Bowe would be stripped of if he doesn't agree to fight Lewis next, Newman said, "It is not on our list of priorities."

Even if a fight with Mercer in April is arranged, Bowe could take on a hand-picked opponent on Super Sunday.

In weekend title bouts, The Associated Press reported:

Fichti Sitangprachan of Thailand knocked out Rudolf Blanco of Colombia with explosive combinations in the third round Sunday in Bangkok to win his IBF flyweight crown.

Chris Eubank won a unanimous decision over Paraguay's Juan Carlos Gimenez to retain his WBO super middleweight title in Manchester, England.

Earl of Barking, an Irish entry making his first start in the United States, rallied down the stretch to win the Hialeah Flag Stakes at Hollywood Park on Saturday in Inglewood, California.

The outfielder Billy Hatcher, 32, and the Boston Red Sox agreed Friday to a \$1.4 million, two-year contract.

SIDELINES

Aoki a 2-Stroke Victor in Japan Golf

KALIMONCHO, Japan (AP) — Iano Aoki of Japan, back from his debut on the U.S. senior tour, shot a one-under-par 71 on Sunday for a two-stroke victory in the Casio World Open Golf Tournament.

Aoki birdied the second and fifth holes Sunday, bogeyed the eighth, birdied the 14th and bogeyed the 17th, finishing at 11-under-par 277. Chen Tze-ming of Taiwan shot a bogey-free 67 to finish second at 279. Tsukasa Watanabe of Japan was third with a 68 for a 280 total.

Elkington Wins Australia Open Golf

SYDNEY (AP) — Steve Elkington of Australia kept cool in wet and windy conditions on Sunday to shoot a 2-over-par 74 and score a two-shot victory in the Australian Open golf championship.

Elkington had an 8-under-par total of 280 on the 6,791-yard, par-72 The Lakes course, two strokes ahead of his compatriot Peter McWhinney, with a 73, and Duffy Waldorf of the United States, who shot a 71.

Australia-U.S. Cup Match on Grass

MELBOURNE (AP) — Australia will face the United States in the first round of the 1993 Davis Cup tennis competition on a grass court at Kooyong from March 26-28, Tennis Australia said Sunday.

Kooyong, in suburban Melbourne, was the venue for the Australian Open until six years ago. In the 1992 Davis Cup final next weekend, the United States faces Switzerland in Fort Worth, Texas.

For the Record

Loick Peyroy of France, a favorite in the Vendee Globe Challenge around-the-world sailing race, quit the contest on Sunday.

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The outfielder Billy Hatcher, 32, and the Boston Red Sox agreed Friday to a \$1.4 million, two-year contract.

Maier Wins in Slalom For First Cup Victory

The Associated Press

PARK CITY, Utah — Ulrike Maier of Austria, twice a world champion but never the winner of a World Cup slalom race, ended years of frustration by capturing the season-opening women's giant slalom.

Maier, who won the super-giant slalom gold medals in world championships in Vail, Colorado, in 1989 and Saalbach, Austria, in 1991, had climbed the podium 10 times — six second places and four thirds — since joining the World Cup circuit in 1985. But she had never ascended the top step.

"In every race," she said, "you think you can win, but after so many years, you begin to wonder if it will ever happen."

On Saturday, Maier was third after a bizarre first run in which only three members of the top seed of 15 racers managed to crack the top 10. The open set of the gates for the first run played to Maier's strengths as a super-G skier, and although the second course was a bit tighter, she found a rhythm to edge Carole Merle of France.

Maier completed two trips down the 4,200-foot (1,280-meter) course in 2 minutes, 21.87 seconds, 23 faster than Merle, the defending World Cup giant slalom champion.

Vreni Schneider of Switzerland, seeking her 41st career victory, claimed third in 2:22.37 after finishing only 14th, 1.39 seconds back, in the opening heat.

Pernilla Wiberg of Sweden, the reigning Olympic giant slalom champion, was fourth in 2:22.43. She was followed by Anita Wachter of Austria in 2:22.61.

The American team had been hoping for better things from its strong giant slalom team, but the first run put the likes of Julie Parisien, Diana Ruffo-Steinwarter and Eva Twardokos too far back. Ruffo wound up 16th and Twardokos was 17th.

There was some encouragement for the American team, however. Edith Thys, a surprising fifth after the first run, skied somewhat conservatively to place 13th overall in 2:23.54, and Wendy Fisher was 14th, another .07 back, after placing eighth in the opening run.

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Baseball Council May Oust Reds' Owner Schott

By Ross Newhan

LOS ANGELES — Major league baseball's executive council will meet by phone Tuesday to begin an investigation into the controversy surrounding Marge Schott, the chief executive officer of the Cincinnati Reds.

A team owner and member of the executive council said that, depending on the result of that investigation, there is a strong possibility that Schott will be asked to resign at the winter baseball meetings that begin next weekend.

"If an investigation proves her statements are accurate," the owner said of the racist and anti-Semitic statements that have been attributed to Schott, "she will probably be asked to resign at Louisville, and for the good of the game and herself, I hope she does."

If she does not, said the owner, who declined to be identified, "I suspect she will be suspended for life. The situation has become too destructive to baseball."

her home. Sharon Jones, a former employee of the Oakland Athletics, subsequently said that she heard Schott say during a conference call with other owners that she would rather have a "trained monkey" working for her than another black.

The owner said Saturday night that Schott might not recognize what she is saying and "how she is saying it, but she has a penchant for making remarks of that type."

"Gentle, white, Hispanic. It's anybody and everybody," the owner said.

"She doesn't trust anybody, doesn't like anybody. Everybody who works for her is stupid and incompetent. She seems to harbor a lot of negative feeling."

In an interview with the New York Times published Sunday, Schott only seemed to inflame the situation, while insisting she is not a racist.

"She acknowledged using racist terms, but said she meant it 'only kidding.' They were 'joke terms,'" she said.

"She acknowledged that 'nigger' is a degrading word but said, 'blacks call it to each other, too.'"

Schott also recalled being admonished by

National League President Bill White for using the word "Jap" when speaking with him last week.

"Bill said to me, 'Marge, you just quit that!'" she quoted White as saying. "I said, 'Bill, I didn't know it was so bad. But I'll stop.' I didn't mean to insult the Japanese. I love them. I have the greatest respect for the way they've come back in the world."

Earlier, Jackie Autry, executive vice president of the California Angels and a member of baseball's ruling executive council, said the council will examine the situation and "take extraordinary measures to deal" with Schott if her statements are accurate.

"I'm very concerned," Autry said. "If, indeed, those statements are accurate, the council will take some type

Whitney Houston: Yes, People Will Talk

By Hilary de Vries
Washington Post Service

LOS ANGELES—Even before the platinum records and the sequined gowns and the whole pop diva thing, Whitney Houston was being dogged. The rumors and the tabloid headlines—like "the one the other day," "Little Miss Perfect," complains her mother, Cissy Houston—were widely close to the schoolyard taunts 25 years ago in Newark, when Cissy sent her daughter out in bows and pinafores, a real standout in the neighborhood. "Kids," says Cissy Houston, "can be cruel."

For most of her life, Whitney Houston has been a compilation of contradictions. The girl from a middle-

Despite her soft-spoken and even shy demeanor, Houston seems inured to the gossip. "When you reach a certain height," she says matter-of-factly, "you will stand out, and you will always be criticized. My mother told me this would happen. 'You think you're a success? You have seven No. 1 songs? They're going to mess you up.'" Houston pauses. "She wasn't lying."

Right now, however, the singer seems unconcerned about anything other than the birth of her child and her acting debut. She wears a modest wedding band, and a diamond-studded heart dangles from her neck.

Houston seems to have arrived at both a personal and professional crossroads. With the film, her marriage and her pregnancy, she seems to be sending out myriad signals that she is one step ahead of her image. At the same time, Houston seems uncertain of just where that step has taken her. Asked if she has plans to make more films, she turns incoherent.

"Oh, my agency is saying, 'Whitney, don't you want to look at this and that? No, I just want to be pregnant and have my baby, you know.'"

Written by Lawrence Kasdan nearly 20 years ago, "The Bodyguard" tells the story of a pop music star, Rachel Marron, who receives a series of death threats, hires as a bodyguard a former Secret Service agent, Frank Farmer, and subsequently falls in love. It is one of Kasdan's earliest efforts, written before "Silverado" and "The Big Chill" when he was still an advertising copywriter in Detroit. When Kasdan met Costner in 1985 on the set of "Silverado," the actor became interested in filming the script. But it wasn't until 1990 that he agreed to produce and star in the film. His first choice to play the pop star? Whitney Houston.

"There are certain singers that occupy that territory that includes a world-class voice, real elegance and a physical presence," says Costner. "Diana Ross and Barbra Streisand are two. Whitney Houston is another." But when the offer came to play the tempestuous Rachel—as well as sing six new songs for the soundtrack album—Houston responded with an emphatic "nope."

"I knew it was the right project," she says. "But Rachel's character had to be fleshed out a bit. In the first draft she was just mean and bitchy all the time. I mean, we all have our days, but I thought she should be a bit warmer."

There were rewrites and more discussions, but Houston still refused to commit to the role. Costner, who had screen-tested with Houston "because there is some method to my madness," put the film on hold for a year.

"I think she was scared, because as popular as Whitney is, she takes an unwarranted amount of shots" from the media, says Costner. "She is a real big target, so if you combine that with the fact that she could turn out to be a bad actress, that's a high risk." Eventually Costner picked up the phone and made his case directly to Houston. "I promised her two things: that I would be right there with her and she would not be bad, because I refuse to let anybody fail around me."

"That was the thing that convinced me," says Houston. She offered to take acting lessons, but Costner declined. "Kevin said, 'Whitney, please don't do that. This isn't about technique, it's about your natural, charming character,'" says Houston. Despite the obvious similarities between her own life and Rachel's, Houston spent several weeks in rehearsal struggling to make lines of dialogue sound as natural as song lyrics.



Whitney Houston and her husband Bobby Brown.

"It's easy for me to stand onstage and sing and relate to people," says Houston. "I know when to become powerful and when to quit it down. That was the hardest part in acting—learning the words and letting them flow like I was singing."

Although Houston is convincing in the film's concert scenes, she is far less at ease in the intimate ones. The sex scenes between Rachel and Frank are noticeably chaste—Houston refused to do nude scenes—and no mention is made of the relationship's interracial nature.

Houston is adamant about her refusal to do nude scenes—"Despite the fact that everyone would love to see me with my drawers down, it ain't happening"—but she becomes uncertain when asked about the film's potentially pioneering casting. Suggest that as a black woman, her on-screen romance with one of Hollywood's most bankable leading men may be far more newsworthy, and Houston says, "That's what they say. But I didn't think about it."

"Through all the madness and the hype and the peaks and the cool-downs, I've maintained my basic values," she says. Such as? "Getting married and having children. That's old stuff, but it's important to me. 'Because how famous can you be? I've had seven consecutive No. 1 songs. What do I want? I want to have a family, have money and all that didn't make me happy. And nobody understands that.'"

Breaking Out of the Interregnum

By William Safire

WASHINGTON—Out with the old! In with the new! That's the message we're getting from the American language about the presidential succession. What was the old word used to denote that awkward 11-week period between Election Day and Inauguration Day—when the person serving as president is not re-elected?

Interregnum was the grand old word. It signified the interval between the reigns of kings when a country had no sovereign. It's true that interregnum didn't quite fit American government: we don't have a king, or in Latin, rex, and the old president does not leave office until a few minutes before the new one takes the inaugural oath. But most people were aware that, in the American context, it meant "the period between presidencies."

Forget it. The new word is transition. Not strictly new—Clark Clifford was said to have been in charge of the transition between the Eisenhower and Kennedy administrations—but never before given such official status. I'm not fighting the change; rooted in the Latin for "going over," transition is perfectly respectable, but someone should put in a moment's silent respect for interregnum, which after the Carter defeat was briefly known as the "interregnum."

That's not the only noticeable linguistic change in Washington. Back in the Kennedy years, we had a foe: "Let the word go forth," the young president said at his inaugural, "to friend and foe alike." Those were the days when it was O.K. to acknowledge an enemy, indeed, Lyndon Johnson mimed no words about the characterization of those named against the free world. Nixon spoke freely, eschewing confrontation, preferred the word adversary, except when North Vietnamese intransigence caused the president to write in the harsh word enemy.

In his first formal statement as president-elect, Bill Clinton evoked the memory of John F. Kennedy and brought back the indeterminate foe: "I urge America's friends and foes alike to recognize, as I do, that America has only one president at a time." Covering all bases, as he seems eager to do, Governor Clinton followed up with the softer word: "The greatest mistake any president could make would be to doubt America's resolve during this period of transition." (No interregnum.)

Now to the most striking vocabulary change of all. Remember the cocoon, that protective coating of Secret Service agents, granite-faced White House police, surrounding sycophants, chauffeurs who never stop for red lights and the aura of unapproachable power that separates the Man from the people who choose him?

Forget cocoon, unless you're collecting butterflies. The sometimes invisible but always palpable barrier is now called the bubble. "Will we see you in the streets of Washington a lot jogging?" a reporter asked the president-elect at his first post-election news conference, adding: "Are you frustrated by the bubble?" Clinton was not puzzled at the usage; he knew only too well what the bubble meant, and said he hoped to "maintain some greater level of ongoing personal contact with folks than is typically the case."

A few days before, Adam Nagourney in USA Today cited an earlier use of the word by the president-elect. "As long ago as August, Clinton was complaining about the barriers between a president and the public—he called it 'the bubble.' And he has frequently talked with friends about how to burst out of that."

Ross Perot was fond of the metaphor, too, applying it to President Bush frequently. "Everybody out there except the White House knows the recession is here," he told the lively Larry King in late October, "and if you lived in that insulated bubble they've created for the president, you wouldn't know it either."

The transition from cocoon to bubble was noted in the Los Angeles Times by Kenneth Turan, its film critic, who described an air of unreality hanging over the Bush campaign due "in considerable part to the bubble-like, curiously efficient security cocoon the president must travel in to ensure his physical safety." I suspect, though I have no citation handy to prove it, that the recent use of bubble in this sense was rooted in the name for the transparent shield used to protect presidents riding in open cars; it was widely noted, for example, that President Kennedy had scooped the available plastic bubble before his fatal motorcade in Dallas in 1963.

The military picked up the figure of speech. "The trick is to spot the Backfires [bombers] before they get within missile shooting range," a naval officer was quoted as saying in Business Week in 1982, "and force them to come within a carrier fleet's protective bubble."

It has also been used in a slightly different sense by students of Edward Hall's studies in proxemics, more generally called "personal space." This is defined as "the zone around an individual into which other persons may not trespass." This self-imposed zone, Charles J. Holsman writes in "Environmental Psychology," "has been compared to a tangible surrounding the individual, creating an invisible boundary between the person and potential intruders." The person blowing the bubble of personal space around himself can vary its scope, depending on his hermitism or the relationship he has with different friends and family.

The most profound definition of its current political sense was offered by a Washington Post reporter, David Maraniss, on the last day of the 1992 campaign. "The bubble is what surrounds the traveling road show of any presidential campaign," he wrote. "It includes the candidate, the staff, the press, the plane, the bus and all the electronic gear of the 20th-century leader. Yet it is not so much a tangible phenomenon as a metaphysical one, a way of looking at things, at once cynical and cozy... where you find both the real story and yet a utterly false one, a speed-blurred picture of a very large country."

The words, they are a-changin', and the interregnum isn't even over yet. (I know it's a transition, but the old ways die hard.)

New York Times Service

INTERNATIONAL CLASSIFIED
Appears on Page 24

The music crowd can be rough on its stars, especially 'Little Miss Perfect.' As her mother says, 'Kids can be cruel.'

class, churchgoing family at odds with her classmates became a star at 29, but her success has come with a price.

No wonder Houston buried her head in Kevin Costner's shoulder in the ad for "The Bodyguard," a romantic thriller just released in the United States that stars Houston as a surprise, a pop music diva.

It is her first film role, and she looks as if she's trying to duck her fate as possibly the world's most misunderstood, mangled female vocalist.

Ever since she shot to the top of the charts in 1985 with her debut album, "Whitney Houston," she has played to the public with a somewhat curious image. That first album, released when she was barely 22, sold 18 million copies worldwide. By 1988, she had made \$45 million and surpassed The Beatles with No. 1 consecutive hits. "Whitney Houston," declared Rolling Stone, "is blessed with one of the most exciting voices in years."

Despite her three-octave range and lyrical authority, Houston battled suggestions that her relentlessly up-tempo music was formulaic and that her success was largely a marketing phenomenon created by Clive Davis, the founder and president of Arista Records, who had revived the careers of Aretha Franklin and Dionne Warwick.

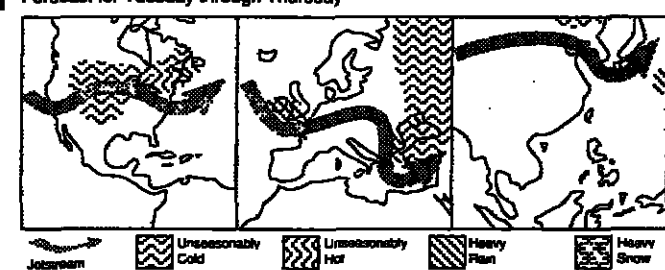
Houston's transformation from gospel singer to belter of generic ballads—"Saving All My Love for You" and "How Will I Know"—also fueled the impression, particularly within the black community, that she was a bland crossover artist who could not lay claim to her talent. She was booed at the Soul Train Awards and satirized—"Whitney Houston's Rhythmless Nation"—on Fox's "In Living Color." Behind the scenes, she has had to deflect a series of rumors that she is gay. Those rumors have persisted beyond Houston's marriage last summer to singer Bobby Brown, a rap artist six years her junior and with whom she is expecting her first child in March.

Like many couples with separate high-powered careers, the two seem to spend little time together. Brown continues to own a home in Atlanta and is supporting the release of his third solo album, "Bobby," with extensive touring. "We had a week together a little while ago, and we will have another week together very soon," says Houston, who seems comfortable with the arrangement.

WEATHER

Forecast for Tuesday through Thursday

Table with columns for Europe, Asia, Africa, and Oceania. Rows list various cities and their weather forecasts for Tuesday, Wednesday, and Thursday.



North America: Cold air will have a grip on the United States from the Rockies to the Great Lakes Tuesday through Thursday. Chicago will be sunny and cold Tuesday and Wednesday, but flurries are possible Thursday. Cool weather will be the rule from New York City to Boston.

Europe: Windy conditions will prevail in London and Paris Tuesday through Thursday with rain falling much of the time. In contrast, Rome will enjoy sunny and pleasant weather. Geneva will have lines of clouds and sunshine with showers possible on Tuesday and Wednesday. Thursday will probably be dry.

Table with columns for Asia, Africa, and Oceania. Rows list various cities and their weather forecasts for Tuesday, Wednesday, and Thursday.

Asia: Tropical Storm Gay will be dissipating well to the southwest of Japan on Tuesday and Wednesday. Showers will stampede Tokyo Tuesday, then sunny and pleasant weather Wednesday and Thursday will be windy with sunshine. Sun showers will be the rule in Hong Kong Tuesday through Thursday while stray showers will occur in Singapore.

Latin America: Cold air will have a grip on the United States from the Rockies to the Great Lakes Tuesday through Thursday. Chicago will be sunny and cold Tuesday and Wednesday, but flurries are possible Thursday. Cool weather will be the rule from New York City to Boston.

CROSSWORD

Solution to Puzzle of Nov. 27

ACROSS: 1 Border on 5 Tombouctou's country, 9 'Olympia' artist, 14 Abundant, 15 Immorally, 16 Acid type, 17 Kubrick film, with 'A', 1971, 20 Netman, 21 Put a match to, 22 Fastened, as sheets of paper, 23 Equipment for a TV crewman, 30 Harbinger, 31 Give a great country, 32 Mine output, 33 Dinemore or Janis, 34 Vanished, with 'A', 1971, 35 Rusty Staub's nickname in Montreal, 36 Track strip.

New York Times, edited by Eugene Molinsky

A crossword puzzle grid with some letters filled in. The grid is 15x15. Some letters are: 1A: S, 2A: E, 3A: P, 4A: A, 5A: L, 6A: I, 7A: M, 8A: P, 9A: I, 10A: E, 11A: R, 12A: T, 13A: I, 14A: O, 15A: N.

DOWN: 1 Circle part, 2 Puppeter, 3 Flying saucer, 4 P.I., 5 Whined, 6 Keep away from, 7 Moola in Milano, 8 Kind; sort, 9 Gyrene, 10 Italian, 11 Violinmaker, 12 French-born diarist, 13 Chang's twin, 14 Postal digit, 15 Assassin, 16 Director Stone, 17 Hilder, 18 Haggard novel, 19 Like a Kitty, 20 Biography, 21 Late-night TV's Hall, 22 Satchel of pitching fame, 23 Landed estate, 24 University in Hamilton, N.Y., 25 Units of force, 26 Utah ski resort, 27 Shear Stadium, 28 Cowboy exhibition, 29 Dwarf, 30 Decorative helmet, 31 Easton, 32 Admission, 33 Chemist's workplace, 34 Actor Williams from Conn., 35 Seed covering, 36 Urusius, 37 Singer Charles, 38 Actress Julian, 39 Govt. regulatory org., 40 Child's game, 41 Everything, 42 Peg for faldo, 43 English river.

BOOKS

A NATION OF VICTIMS: The Decay of the American Character

By Charles J. Sykes. 289 pages. \$22.95. St. Martin's Press.

Reviewed by Michiko Kakutani

MASSACHUSETTS man steals a car from a parking lot and is killed while driving it; his family subsequently sees the parking-lot owner for failing to take steps to prevent such thefts. A bicyclist in the Midwest compares disreputable toward bicyclists to "cross burning, swastika painting, gay bashing, and other hate crimes motivated by the status of the victim."

The University of Missouri School of Journalism issues a hand-

book of words and phrases that should be sidestepped "to avoid offending and perpetuating stereotypes" among those terms are "burly" (too often associated with large black men, implying ignorance), "white" (a product of the "racist power structure") and "community" (implies a monolithic culture in which people act, think and vote in the same way).

Such examples, Charles J. Sykes argues in his book, "A Nation of Victims," are illustrations of a growing phenomenon characterized by a plaintive refrain: "I am a victim." I am not responsible; it's not my fault.

This "victim-ization of America," Sykes writes, "is remarkably egalitarian, victim status is now claimed not only by members of minority groups but increasingly by the middle class, millionaire art-

ists, students at Ivy League colleges, "adult children," the obese, codependents, victims of "loosism" (bias against the unattractive), "agism," "homosexuals" and the otherwise psychically scarred."

As Sykes sees it, "victimism can be seen as a generalized cultural impulse to deny personal responsibility and to obsess on the grievances of the insatiable self."

It stems in part, he suggests, from Americans' unwillingness to acknowledge the limitations and disappointments inherent in the human condition—their tendency to see "the immemorial questions of human life as problems that require solutions."

As a result, he suggests, Americans have embraced "the infinite expectation—for psychological gratification, self-accomplishment, self-realization, and happiness—not as

a goal to be won but as an entitlement." In the 1960s, as young people began embracing an adversarial stance toward authority, Sykes says, dissatisfaction became a permanent fixture in American life.

Although he praises the Reverend Dr. Martin Luther King Jr. for stressing self-reliance as a remedy to poverty, Sykes contends that the civil rights movement later underwent a decisive—and, in his opinion, damaging—change when it shifted its emphasis "from seeking equality under the law to a focus on the vague and volatile concept of racism."

"Victims' explanations were offered up to explain black crime and black drug addiction; 'victim' arguments were advanced to rationalize the academic failures of black students.

How does Sykes propose to remedy the cult of victimization in the United States. He calls for a new code of personal conduct, emphasizing self-restraint, and he says he hopes that the "disreputable association with dependency, illegitimacy and family breakup" will be reinstated in minority communities.

He wants to "sharply limit the definitions of victimization in the law itself—civil rights legislation and protections of the handicapped included." And he wants Americans to re-embrace the family as "the crucible of character."

As flippantly delineated by Sykes, such proposals are simplistic in the extreme, as simplistic, unfortunately, as much of "A Nation of Victims."

Michiko Kakutani is on the staff of The New York Times.

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BRIDGE

By Alan Truscott

DISGUISES are appropriate for Halloween trick-or-treaters, for Sherlock Holmes, and, occasionally, for bridge players. With a weak offense, the best defense is sometimes a good disguise.

If the declarer makes his plan of play obvious, he will give the opposition a road map for the defense. Disguise may be called for, and was on the diagrammed deal.

South overdid slightly by leaping to four spades when his opening bid was raised. Most good players would invite by bidding three clubs, and then accept a sign-off by North in three spades.

West led the heart queen and South won with the ace. He was faced with a danger of losing three club tricks and a trump trick, and

his obvious move was to take three diamond winners and throw clubs.

Then a club lead would prepare the ground for two club ruffs, but it would pinpoint the defense. Two rounds of trumps would be played, and South would be struggling. He could still hope for an even club split, but would fail in his game.

South ventured a little disguise. As the second trick he led a club to the queen, losing to the ace.

West could now have settled the issue by playing two rounds of trumps, or by leading the club jack so his partner could overtake and give him a ruff. Not surprisingly, however, he led a low heart in the hope that his partner would ruff.

But it was South who ruffed, and then cashed diamond winners to discard dummy's remaining clubs. Then he could maneuver two club

ruffs and make his game. Disguising his intentions had paid a large dividend.

BRIDGE diagram showing a hand layout. NORTH: ♠ J 10 9, ♥ A 7 6 5 2, ♦ 9, ♣ 10 6 6. WEST: ♠ A 4 3, ♥ Q J 10 4, ♦ 1 8 4 2, ♣ A J. EAST: ♠ 7 2, ♥ K 8 3, ♦ 10 7 6 5 3, ♣ K 8 5 4. SOUTH (D): ♠ K Q 8 8 6, ♥ A K Q, ♦ Q 7 3.

Both sides are vulnerable. The bidding: South: West: North: East: 1♣: Pass: 2♣: Pass: 3♣: Pass: 4♣: Pass: Pass: Pass.

West led the heart queen.

Advertisement for AT&T USADirect Service. Features a large image of a person's face in profile, looking towards the right. The text reads: "Speed up the approval process." Below the image is a table of international access numbers for various countries. At the bottom, it says "AT&T USADirect Service. Your Express Connection to AT&T Service." and "Just dial the access number of the country you're in. For additional access numbers, call collect: 412-543-4588, Ext. 606." The AT&T logo is in the bottom right corner.